



A Critical Review of the EU-Colombia/Peru/Ecuador Free Trade Agreement's Impact on Sustainable Development in Colombia

BY

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GLOSSARY OF ACRONYMS

Acronym	Meaning
AUC	Autodéfenses Unies de Colombie
CAN	Comunidad Andina de Naciones (Andean Community)
CCP	Central Counterparties
CBD	Convention on Biological Diversity
CPI	Consumer Price Index
CSO	Civil Society Organization
DAG	Domestic Advisory Group
DAS	Departamento Administrativo de Seguridad (Administrative Department of Security)
DEVCO	Directorate-General for International Cooperation and Development
DG	Directorate-General
EC	European Commission
ECHO	European Civil Protection and Humanitarian Aid Operations
ECLAC	Economic Commission for Latin America and the Caribbean
EEC	European Economic Community
EFTA	European Free Trade Association
ELAC	Digital Agenda for Latin America and the Caribbean
ELN	Ejército de Liberación Nacional
EOM	Election observation missions
EU	European Union
EUMS	European Union Military Staff
FARC	Forces Armées Révolutionnaires de Colombie
FDI	Foreign Direct Investment
FENSUAGRO	Federación Nacional Sindical Unitaria Agropecuaria
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GSP	Generalised Scheme of Preferences
IDB	Inter-American Development Bank
ILO	International Labour Organization
IMF	International Monetary Fund
IPR	Intellectual Property Rights
IT	Information Technology
ITUC	International Trade Union Confederation
LATAM	Latin America
LAC	Latin America and Caribbean
MFN	Most Favoured Nation
OCADS	Órganos Colegiados de Administración y Decisión
OPEC	Organization of the Petroleum Exporting Countries
PDCA	Political Cooperation and Dialogue Agreement
SGR	Sistema General de Regalias
SOMO	The Centre for Research on Multinational Corporations
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UPME	Plan Nacional de Desarrollo Minero
US	United States
USD	United States Dollar
USSR	Union of Soviet Socialist Republics
WIPO	World Intellectual Property Organization
WTO	World Trade Organisation

Introduction

Though Colombia is blessed with extreme natural resource wealth with products such as oil, gold, emeralds, coal and a flourishing agricultural industry it still struggles to develop and in recent years has struggled with a decreasing GDP and growing inequality. Colombia has attempted time and time again to use its rich natural resource wealth to its advantage and garner development, yet it is evident that if they continue with the same developmental models then it will be trapped in a loop of dependency and exploitation. In order for Colombia to have long-term success, it must adopt a sustainable development model, a system which protects and grows the economy, environment and society.

Historically we have seen Colombia value at the expense of the other sectors, economic development. This is made apparent with their large extractive sectors and their continued push for natural resource-based development. With its close friendship with the US and its continued support for neoliberal economic models of trade and development, it is understandable why Colombia has taken this route, yet in the early 2000s, we see Colombia expand its circle of influence and begin closer economic relations with the EU.

Whilst its historic relationship with the EU may be more limited than Colombia's relationship with the US, moving forward the EU may prove to be a fundamental partner in achieving sustainable development. In 2007 discussions for an association agreement between the EU and the CAN began. Despite some setbacks by 2013 the EU and Colombia and Peru established an FTA; this new generation of agreements was based on the recognition of the need to support and foster sustainable development and economic diversification.

Whilst the FTA hoped to promote sustainable development in Colombia, as this paper will discuss it has actually done little to do so and, in some circumstances, has actually hindered economic diversification. This paper will argue that the EU-Colombia/Peru/Ecuador FTA falls short in its goals of promoting sustainable development and instead has reinforced traditional systems of trade and dependency. Additionally, this paper argues that the EU must accept more responsibility if they wish to aid Colombia in sustainable development as they wish to be perceived as the global leader in development and green solutions. As issues, international relations and development are so heavily intertwined in Colombia it is imperative that a strong historic foundation is established before being able to fully delve into the main argument of this paper. This paper will take a historical, comparative and lessons-learned approach to support this argument before offering potential solutions for how the EU and Colombia may move forward.

Literature Review

There are a few key questions being developed throughout this paper. Firstly, it is to establish what is the type of relationship between the EU and Colombia, then it is to evaluate the dynamics of the current EU-Colombia/Peru/Ecuador FTA, and then the overarching question is whether this FTA and the EU's relationship with Colombia helps promote sustainable development.

Research Conducted

Once research began it became inherently obvious that to understand why the relationship between Colombia and the EU seemed fairly recent more research would have to be done into the overall history of the country and the issues that impact it. Upon researching further, it became evident that because of Colombia's violent history throughout the 20th century, it sought allies that were more aligned with combating such issues often via military intervention and thus the US was seen as a more favourable option to the EU/ECC. This Colombian-US relationship did come to have a large influence on why the EU is not as involved in the country. Thus, in the beginning chapters, this paper establishes the history and overall profile of the country and the relationships it has with the other major international players in the region, as to set the scene for EU-Colombian relations and then the EU-Colombia/Peru/Ecuador FTA. Furthermore, it was imperative to establish different developmental theories which could be built upon in the discussion section to better explain why Colombia's relationship with extractive industries is hindering development rather than aiding it.

This paper is secondary research, under which it takes a multimethod approach. The main methods used are historical analysis, comparative analysis, and a lessons-learned approach. Chapters 1-5 mainly historical and comparative analysis whilst Chapters 6 and 7 use all three methods to evaluate the overall research question of if the EU-Colombia/Peru/Ecuador FTA helps promote sustainable development, and possibilities for moving forward.

Prior Literature

There are multiple topics within the paper that prior research was required for. Firstly, when looking at the different developmental theories there is a vast array of existing literature. These theories are well established within developmental politics and a variety of sources are available. For this paper more classic authors were chosen to just establish the idea of the theory, this paper did not seek to critique or analyse the theories themselves but to merely present them. For this reason, authors such as Auty or those quoting and building upon his research were selected. When discussing extractivism and neo-extractivism these concepts are mainly a LATAM phenomenon and thus, it was most appropriate to use LATAM authors. Alberto Acosta is a well-renowned LATAM and Andean author, he understands the dilemmas that the region faces and its history.

The internal conflict in Colombia has impacted every aspect of Colombian society, economics, and international relationships. There was an extensive variety of literature available from books, to think pieces, journal articles and international government reports. It was

interesting to see the differences between literature written prior to the 2016 Peace Agreement and that written after. Literature that was written after 2016 has been able to take a more analytical approach to the situation as a whole and the complete image including that of international players. This paper was not seeking an analytical approach to the conflict, just a historical and political review to aid the development of the paper's main questions and arguments. For these reasons the literature selected was mainly from books giving a historical approach.

There is extensive literature available discussing the relationship between the US and Colombia. As this paper will establish in later chapters, historically the US has been Colombia's closest international ally and partner. The same can be said with literature surrounding US and LATAM relations. The US has a long-standing presence in the region and thus all subjects including history, economics, trade, and military and diplomatic relations are easily found. For this paper, a mix of books, articles and also country reports written by the US government were used. Once again, this paper was not taking an analytical approach to US-Colombian relations and literature was mainly used to be able to offer a comparative analysis of EU-Colombian relations which would be viewed from an analytical and critical lens. This paper was not looking to build upon any existing research discussing US-Colombian relations, instead, it was used as a means to establish a framework to build upon the central questions and arguments of the paper.

The literature surrounding EU-LATAM relations is available but not to the same extent as US-Colombian relations. Some books were able to be used to further establish the arguments put forth in the paper, but a majority of literature used was in the form of EU reports, and journal articles. Whilst US-LATAM literature encompasses a full history of relations across a wide variety of subjects, EU-LATAM literature seems to cover a much shorter history and covers mainly the EU's humanitarian and development goals in the region. Though the EU is a major player in the region it seems that EU interest mainly lies within a few sub-regions such as the Southern Cone and Brazil.

Contrary to US-Colombian relations, finding literature on EU-Colombian relations was much more difficult. The main literature surrounding these partners is based on the EU's role in the creation of a peace agreement and in helping find solutions to Colombia's internal conflict. In order to develop an understanding of the relationship between the EU and Colombia, it was imperative to understand the internal conflict in Colombia. As research was conducted it became evident that research and progress could not be made until a deep understanding of the conflict was established. In recent years, especially after the large role EU countries played in securing the 2016 Peace Treaty there seems to be much more information available, including interviews with diplomats and regional politicians.

For the FTA the main sources of literature available were EU reports. The reports made available through the European Commission provided extensive background information as well as a breakdown and analysis of the contents of the FTA. The EU also releases annual reviews of the FTA which provided excellent hard numbers to compare trade for prior to the agreement and different years since its implementation. Though the EU reports provided excellent basic information, they did not offer a critical review of the FTA. One of the main criticisms of the

EU's annual review is that they offer an overly generalised vision of the FTA and does not look into its actual socio-economic and environmental impacts. In recent years there has been a good deal of critical reviews done by charitable and developmental organisations looking at the deeper impacts of the FTA. As the FTA has been implemented for nearly a decade it is logical that now greater research is being able to be conducted which looks at the short, mid, and long-term impacts of the FTA. One of the main literature sources for this section was a Doctoral Dissertation by Joan Miguel Tejedor Estupiñán written in 2022. Tejedor Estupiñán establishes a very in-depth analysis of the EU-Colombia/Peru/Ecuador and the economic impacts it has had on Colombia.

Chapter 1 Country Profile

1.1 Country Quick Summary

Located in the Northwest of South America, Colombia is one of the oldest democracies on the American continent.¹ Gaining independence from Spain in 1810 it has had a long history of internal conflict which almost led the country to be considered a failed state.² As of 2022, it has a population of 51,929,974 people, with demographics consisting of 49% mestizo, 37% white, 11% afro-descent, and 3% Amerindian.³

The current President of Colombia is Ivan Duque Martinez, who is a member of the Democratic Centre Party and was elected in 2018 but is ineligible to run for a second term. Though elections were held in May of 2022, neither candidate Gustavo Petro nor Rodolfo Hernández were able to obtain 50% of the votes and thus a runoff is scheduled for late June 2022.⁴

Colombia has long struggled with corruption and inequality. It ranks 87/180 on the CPI with a score of 39/100.⁵ Despite their low score, Colombia ranks best for corruption perception in the Andean region and ranks just behind the greater developed countries in LATAM such as Uruguay, Chile, and Costa Rica.⁶ In 2020 Colombia had a Gini coefficient of 54.2/100 which is slightly higher than in previous years but still much lower than in the 1990s and early 2000s demonstrating that inequality within the country is shrinking.⁷

1.2 Economic and Trade Summary

Colombia currently has the fourth-largest economy in LATAM, just behind Brazil, Mexico, and Argentina⁸ and in 2020 it was ranked 40th in terms of GDP (271.4 billion USD) and 99th in terms of GDP per capita (5889 USD).⁹ Since 1967 it started the process of opening its economy to the world market and began to build bilateral agreements with both lesser and greater developed economies with the aid of the IMF.¹⁰ Colombia is heavily dependent on

¹ June S. Beittel “Colombia: Background and U.S. Relations, Analyst in Latin American Affairs” Congressional Research Service (14/11/2017): 1

² Ibid

³ “Colombia Population 2022 (Live),” Colombia Population 2022 (Demographics, Maps, Graphs), accessed June 12, 2022, <https://worldpopulationreview.com/countries/colombia-population>.

⁴ Michelle Velez, “Colombia’s Presidential Vote Headed for a Runoff,” CNN (Cable News Network, May 30, 2022), <https://edition.cnn.com/2022/05/29/americas/colombia-election-vote-intl-latam/index.html>.

⁵ “Colombia,” Transparency.org, accessed June 8, 2022, <https://www.transparency.org/en/countries/colombia>.

⁶ “2021 Corruption Perceptions Index - Explore the Results,” Transparency.org, accessed June 8, 2022, <https://www.transparency.org/en/cpi/2021>.

⁷ “Gini Index for Colombia,” FRED, April 12, 2022, <https://fred.stlouisfed.org/series/SIPOVGINICOL>.

⁸ “Colombia - Market Overview,” International Trade Administration | Trade.gov, accessed June 8, 2022, <https://www.trade.gov/knowledge-product/exporting-colombia-market-overview>.

⁹ “Colombia (COL) Exports, Imports, and Trade Partners,” OEC, accessed June 8, 2022,

<https://oec.world/en/profile/country/col?compareExports0=comparisonOption1&depthSelector1=HS4Depth&flowSelector1=flow1&tradeScaleSelector1=tradeScale2&yearSelector1=exportGrowthYear26&yearlyTradeFlowSelector=flow1>

¹⁰ Joan Miguel Tejedor-Estupiñán, “Economic Impacts of the Free Trade Agreement Between the European Union and Colombia” (dissertation, Corvinus University of Budapest, 2022): 44

energy and mining exports which will be discussed in section 1.3 Extractive Industries. Colombia's economy has historically been hindered by "inadequate infrastructure, poverty, narcotrafficking, and an uncertain security situation, in addition to dependence on primary commodities".¹¹ Furthermore, in recent years Colombia has been hit hard by the global drop in oil prices and by the COVID-19 pandemic; between 2019 and 2020 the country experienced a 6.8% decline in GDP.¹² During the pandemic, the US (Colombia's historically closest partner) was seen to have a decreasing role in the country and in response saw Colombia grow stronger ties with China.¹³ China during this time offered aid in the form of vaccines and later announced plans for Colombia to join China's Belt and Road initiative.¹⁴

Colombia has over a dozen FTAs with various countries including those with the US, EU, and China. In 2020 Colombia's top five export products were: crude petroleum (23.2%), coal briquettes (12.8%), coffee (7.9%), gold (7.28%), and refined petroleum (4.82%).¹⁵ From this we see that Colombia's economy is extremely dependent on primary products and extractive industries, the problems associated with this will be discussed in Chapter 2.3, throughout Chapter 3 and then in the end discussion. In the same year 2020, its top five export partners (in terms of individual countries) were: the US (29.7%), China (8.7%), Ecuador (4.69%), Panama (4.44%), and Brazil (3.99%).¹⁶ Though China is listed as Colombia's largest export partner it still falls far behind the US, LATAM as a region and the EU. Between 2019-2020 exports with many of Colombia's top trade partners fell significantly mainly due to the COVID-19 Pandemic, trade with the US fell by 23% and with China by 39.8%.¹⁷ Exports within the EU also fell, but some key partners such as Italy and Spain still experienced growth.¹⁸ From 2019 to 2020 Colombia's fastest-growing export markets were: India with exports growing (158%), Italy (20.5%), and South Korea (19%).¹⁹

In 2020 the top five import products to Colombia were: broadcasting equipment (4.72%), refined petroleum (4.62%), cars (3.49%), packaged medicaments (3.1%), and corn (2.63%).²⁰ It is evident that Colombia is an exporter of primary goods and an importer of secondary products. Its top five import partners were: the US (26.3%), China (23.8%), Mexico (6.55%), Brazil

¹¹Colombia economy profile. Accessed June 8, 2022.

https://www.indexmundi.com/colombia/economy_profile.html#:~:text=Colombia%20heavily%20depends%20on%20energy,second%20largest%20cut%20flowers%20exporter.

¹² "Colombia GDP per capita 2021 Data - 2022 Forecast - 1960-2020 Historical - Chart," Colombia GDP per capita - 2021 Data - 2022 Forecast - 1960-2020 Historical - Chart, accessed June 8, 2022,

[https://tradingeconomics.com/colombia/gdp-per-capita.](https://tradingeconomics.com/colombia/gdp-per-capita)

¹³ "Colombia - Market Overview," International Trade Administration | Trade.gov, accessed June 8, 2022,

[https://www.trade.gov/knowledge-product/exporting-colombia-market-overview.](https://www.trade.gov/knowledge-product/exporting-colombia-market-overview)

¹⁴ *ibid*

¹⁵ "Colombia (COL) Exports, Imports, and Trade Partners," OEC, accessed June 8, 2022,

<https://oec.world/en/profile/country/col?compareExports0=comparisonOption1&depthSelector1=HS4Depth&flowSelector1=flow1&tradeScaleSelector1=tradeScale2&yearSelector1=exportGrowthYear26&yearlyTradeFlowSelector=flow1>

¹⁶ *Ibid*

¹⁷ *Ibid*

¹⁸ *Ibid*

¹⁹ *Ibid*

²⁰ *Ibid*

(5.73%), and Germany (3.68%).²¹ From 2019 to 2020 the fastest-growing import markets were: Guyana, where imports were up, (910%), Honduras (78,7%), and Morocco (28.6%), at the same time import percentages across most of its main partners dropped during this time.²²

1.3 The Extractive Industries

Colombia has a long history of extractive industries dating back to even before its colonisation in 1499. Whilst the mining industry has a greater historical presence in the country, oil has become its largest industry and export product. Colombia is now the fourth-largest oil producer in Latin America behind Mexico, Venezuela and Brazil, and ranked within the top 30 largest producers globally.²³ Oil and other extractive industries are one of the main economic drivers in the country. There are four main phases when it comes to oil extraction in Colombia, spanning from the early 20th century to the present day.

The first phase from 1918 until 1969²⁴ was the exploratory and discovery phase where the country saw a boom in opportunity.²⁵ During this time all resources belonged to the state. However, there were still favourable conditions for investments and international companies; Shell, Chevron, and Exxon were some of the most prominent companies in the country during this era.²⁶ Ecopetrol the Colombian state-owned petrol company was also founded during this phase in 1951.²⁷ It was during this time that the majority of the country's larger oil fields were discovered.

The second phase was from 1970 until 1994. This era could be characterised by its nationalism and the deregulation of the industry.²⁸ During the beginning of this era, the Colombian oil industry became extremely weak as reserves ran low, and production slowed dramatically, so much so that Colombia became an oil net importer rather than an exporter.²⁹ In 1974 the government established the new Association Contract designed to stimulate industry recovery and discovery as global oil prices skyrocketed.³⁰ Though the contract created unfavourable contract changes for foreign companies, it resulted in an increase in foreign investment and also to the discovery of new large fields such as Chuchupa, Caño Limón, Cusiana, and Cupiagua.³¹ Colombia was once again a global power in the oil industry.

The third phase occurred between 1995 and 2008. During this time exploration continued and oil regulations were modified.³² In 1995 to protect and maximise the impact of the now

²¹ Ibid

²² Ibid

²³ “*Colombia Country Strategy Note*” Natural Resource Governance Institute (June 2015) 4

https://resourcegovernance.org/sites/default/files/documents/nrgi_colombia-strategy_20160629.pdf

²⁴ Juan Carlos Echeverry et al., “Oil in Colombia: History, Regulation and Macroeconomic Impact” (Bogotá: Centro de Estudios sobre Desarrollo Económico, 2009).3

²⁵ Ibid

²⁶ Ibid

²⁷ Ibid

²⁸ Ibid

²⁹ Effects of Booms and Oil Crisis on Colombian Economy: A Time-Varying Vector Autoregressive Approach

³⁰ ibid

³¹ Ibid

³² Ibid

booming oil revenues the government created the Oil Savings and Stabilization Fund;³³ the fund is currently in liquidation and though a new fund was established in 2012 there is uncertainty surrounding its performance.³⁴ President Uribe was determined to make Colombia a powerhouse for both the oil and mineral extractive industries.³⁵ He launched a series of measures to increase investments in the industries.³⁶ In 2003 his administration relaunched Ecopetrol and restructured the hydrocarbon industry by creating the National Hydrocarbons Agency.³⁷

Between 2006-2011 extractive industries accounted for 27.5% of government revenues, oil contributed the largest at 23.4% total, and minerals at 4.1%.³⁸ During this time Colombia had a nominal corporation tax of 33% and 1-12% tax for royalties.³⁹ Though Colombia had some of the highest taxes for the extractive industries in LATAM it is estimated that the government only received 64% of oil taxes and 55% of mineral taxes that should have been paid but were lost because the companies received a wide range of tax exemptions and deductions.⁴⁰

The fourth phase could be seen as starting with the election of President Santos in 2010. During the primary years of this phase oil prices were high and stable, Santos stated that extractive industries would be at the heart of Colombian development as it would be one of four drivers within the National Development Plan.⁴¹ The plan would push the narrative of prosperity for all, funded by extractive exports under the new royalty payment system.⁴² Santos enacted multiple significant changes to the SGR, this funds allocation system was reformed to now disperse funds more effectively and across a wider scope of regions.⁴³ Previously the only regions with extractive sectors received revenues, with the new system all regions would receive shares of the rents.⁴⁴ A portion of the money would also go towards investing in new technologies, funding the regional public pensions schemes, and to be placed aside in a savings fund.⁴⁵ Within the new system, the OCADS was created which was comprised of multi-level stakeholders tasked with allocating funds to state-sponsored development programmes.⁴⁶

In 2019 the Mining National Development Plan was designed by UPME which illustrated three main goals: Firstly, “the conversion of the state into a facilitator, with a strong institutional structure able to manage access to resources, the promotion of sustainable

³³ Effects of Booms and Oil Crisis on Colombian Economy: A Time-Varying Vector Autoregressive Approach

³⁴ “Colombia Country Strategy Note” Natural Resource Governance Institute (June 2015) 12

https://resourcegovernance.org/sites/default/files/documents/nrgi_colombia-strategy_20160629.pdf

³⁵ Juan Carlos Echeverry et al., “Oil in Colombia: History, Regulation and Macroeconomic Impact” (Bogotá: Centro de Estudios sobre Desarrollo Económico, 2009).4

³⁶ Ibid

³⁷ Ibid

³⁸ “Colombia Country Strategy Note” Natural Resource Governance Institute (June 2015) 10

https://resourcegovernance.org/sites/default/files/documents/nrgi_colombia-strategy_20160629.pdf

³⁹ Ibid

⁴⁰ Ibid

⁴¹ Ibid 2

⁴² Ibid

⁴³ Ibid 1

⁴⁴ Ibid 2

⁴⁵ Ibid

⁴⁶ Ibid

development of mining, and the control of the use of resources”.⁴⁷ Secondly, “the development of programs to promote mining in development plans, in particular those of the departmental level.”⁴⁸ Lastly, eliminating illegal mining.⁴⁹ This was done to ensure that the public would secure the greatest benefits from these industries, and offset the negative implications of them.⁵⁰ Chapter 3 will look at different developmental theories surrounding dependency on natural resources and how Colombia experiences these phenomena.

⁴⁷ Ibid 8

⁴⁸ Ibid

⁴⁹ Ibid

⁵⁰ Ibid 11

Chapter 2: Key Issues in Colombia

2.1: Colombia's Internal Conflict against Guerilla and Drug Trafficking groups

With the assassination of the Liberal presidential candidate Jorge Gaitan in 1948, Colombia entered into the era known as La Violencia. The 1950s in Colombia were defined as a period of intense political unrest stemming from long-term “unresolved social, political, and economic problems”.⁵¹ During this time, the Liberal and Conservative parties battled for control, often through violent and extortionate means.⁵² There was considerable opposition to Conservative President Gomez, and in retaliation, a number of Liberal guerilla groups began to form and seize control of areas across the country.⁵³ With full civilian support, General Pinilla launched a military coup and took control of power in 1953⁵⁴. Pinilla's main goal was to end the violence between parties and bring about an era of peace, justice, and liberty.⁵⁵ Pinilla sought peace with the guerilla groups, offering amnesty and a full pardon to those willing to surrender their weapons to the government.⁵⁶ The results of his policies were very successful, with Liberal guerilla groups being almost entirely disbanded, and the first year of his administration was relatively peaceful.⁵⁷

Though most guerilla groups were disabled, communists began to break away from the liberals and form their own guerilla groups.⁵⁸ These new “dirty-liberal” groups aimed to “organise and consolidate several semi-autonomous rural peasant areas independent of the government” and opposed the system in power; it was inconsequential who was placed in power; the system itself had to be destroyed.⁵⁹ Weaknesses started to appear within the Pinilla administration; keeping the peace was proving difficult, and in 1957, political tensions came to a climax.⁶⁰ Pinilla resigned and was replaced by a military junta. Under the junta, the Liberals and Conservatives were able to come together and reach the National Front Agreement.⁶¹ Though this solved the issue of party violence in Colombia, it would usher in a new era, as many saw that democracy was not a viable system to implement needed reforms.⁶²

In the mid-1960s, the communist guerilla groups FARC and ELN were formed.⁶³ Both groups sought to demolish the central government in Bogota and used any means possible to

⁵¹ June S. Beittel “Colombia: Background and U.S. Relations, Analyst in Latin American Affairs” Congressional Research Service (14/11/2017): 2

⁵² Jorge Pablo Osterling and Javier Sanin, *Democracy in Colombia: Clientelist Politics and Guerrilla Warfare* (New Brunswick (N.J.): Transaction publ., 1989). Ch 7
<https://www.perlego.com/book/1479712/democracy-in-colombia-pdf>.

⁵³ *Ibid* Ch 7

⁵⁴ *Ibid*

⁵⁵ *Ibid*

⁵⁶ *Ibid*

⁵⁷ *Ibid*

⁵⁸ *Ibid*

⁵⁹ *Ibid*

⁶⁰ *Ibid*

⁶¹ *Ibid*

⁶² *Ibid*

⁶³ June S. Beittel “Colombia: Background and U.S. Relations, Analyst in Latin American Affairs” Congressional Research Service (14/11/2017): 2

create unrest, including terrorist campaigns, kidnapping, and other serious human rights violations.⁶⁴ By the 1980s, right-wing paramilitary groups were formed to combat the FARC and ELN. During this time, the booming Colombian drug market became heavily interconnected with guerilla groups. By the 1950s, Colombia had established itself as a significant player in the international drug market, and at the heart of the operations was the city of Medellin.⁶⁵ The drug mafia became a powerful force in the country and region and an additional source of violence⁶⁶. During the 1980s, the drug mafia and FARC established a mutual agreement; the FARC was to supply protection and permit the mafia to use their controlled areas of the country, which had a prime environment for cocaine production.⁶⁷ In return, the FARC would receive much-needed funding in the form of a “cocaine export tax.” This alliance would usher in the era of narco-terrorism.⁶⁸

The FARC was not the only guerilla group to be involved in the drug trade. In the 1990s, different right-wing paramilitary groups came together to form the AUC; they too would use the drug market as a means to fund their efforts.⁶⁹ The US government deemed the AUC (as well as the FARC and ELN) a terrorist organisation, and the Colombian government and military were accused of collaborating with the group.⁷⁰ In the 1980s and 90s, the mafia attempted to improve their reputation with the Colombian people and intertwine themselves with the country’s political workings.⁷¹ They used drug money to help fund national development projects, participate in different charitable organisations, and even political movements such as the Movimiento Nacional Latino.⁷² In 1982 a high-ranking cartel member was elected as an alternative member of the National Congress. Drugs, the different guerilla groups, and even the Colombian government were now heavily interconnected.

During the 1990s, the conflicts in Colombia threatened to push the country to the brink of state collapse. President Pastrana attempted to enter peace negotiations with the FARC, but it ended in failure.⁷³ Pastrana was unwilling to enter talks with the AUC, leaving him vulnerable on both sides.⁷⁴

⁶⁴ Ibid

⁶⁵ Jorge Pablo Osterling and Javier Sanin, *Democracy in Colombia: Clientelist Politics and Guerrilla Warfare* (New Brunswick (N.J.): Transaction publ., 1989). Ch 7
<https://www.perlego.com/book/1479712/democracy-in-colombia-pdf>.

⁶⁶ Ibid

⁶⁷ Ibid

⁶⁸ Ibid

⁶⁹ June S. Beittel “Colombia: Background and U.S. Relations, Analyst in Latin American Affairs” Congressional Research Service (14/11/2017): 2

⁷⁰ Ibid

⁷¹ Jorge Pablo Osterling and Javier Sanin, *Democracy in Colombia: Clientelist Politics and Guerrilla Warfare* (New Brunswick (N.J.): Transaction publ., 1989). Ch 7
<https://www.perlego.com/book/1479712/democracy-in-colombia-pdf>.

⁷² Ibid

⁷³ June S. Beittel “Colombia: Background and U.S. Relations, Analyst in Latin American Affairs” Congressional Research Service (14/11/2017): 2

⁷⁴ Ibid

Things changed significantly with the election of President Uribe in 2002. Uribe was willing to enter negotiations with the AUC, and thus, by 2006, the group was demobilised.⁷⁵ Uribe then increased counternarcotics efforts and military presence, resulting in the death of multiple high-ranking FARC members.⁷⁶ The violence began to decrease, yet Colombia still suffered from high-level human rights abuses, sometimes at the hand of its own government.⁷⁷ Copious scandals hit Uribe's administration as DAS's accusations of illegal surveillance, links between illegal paramilitaries and politicians, and other human rights abuses came to light.⁷⁸ Still, Uribe's reputation remained strong and held the support of the people.

In 2010 President Santos was elected to power after Uribe had finished serving his maximum two terms. Santos ushered in a series of reforms within the government, and his increased security measures resulted in the death of the FARC's top military members.⁷⁹ In 2011 during a bombing raid, the military was able to kill the FARC's supreme leader; severely weakened by this and a decade of strict Uribe and Santos policies, the FARC was now willing to enter peace negotiations.⁸⁰ In 2012 peace talks formally commenced, with Norway and Cuba serving as hosts and guarantors.⁸¹ In June 2016, the Colombian government and the FARC signed a historic cease-fire. Discussions surrounding a peace deal concluded in August 2016 and were to be held for a referendum in October 2016.⁸² The referendum was not accepted, with 50.2% of the population voting against it.⁸³ In November 2016, the government and FARC re-entered negotiations and signed a revised peace treaty that would not be put to a second referendum.⁸⁴ The peace treaty was ratified on November 29-30, 2016, officially ending the decades-long conflict.⁸⁵

2.2 Human Rights Violations

Violence beyond that committed by terrorist and Narcos groups is also strife throughout Colombia. Though efforts have been made to combat these issues, violence and human rights abuse in Colombia are ever-present issues. An entire book could be written on the various abuses committed in Colombia, but this paper will discuss three main themes: 1; violence towards trade unionists and worker rights defenders, 2; issues surrounding displaced people and land claims, and 3; abuse committed by the government and military.

Colombia is one of the most dangerous countries in the world for trade unionists and worker rights defenders,⁸⁶ with two-thirds of global trade unionist killings taking place in

⁷⁵ Ibid

⁷⁶ Ibid

⁷⁷ Ibid 5

⁷⁸ Ibid

⁷⁹ Ibid 6

⁸⁰ Ibid

⁸¹ Ibid 7

⁸² Ibid

⁸³ Ibid

⁸⁴ Ibid

⁸⁵ Ibid

⁸⁶ Thomas Fritz, "The Second Conquest The EU Free Trade Agreement with Colombia and Peru Thomas," Forschungs- Und Dokumentationszentrum Chile-Lateinamerika, (2010): 7

Colombia.⁸⁷ Between 2002-2010 over 500 union leaders and activists were murdered, these are just the reported numbers; a weak public justice system makes tracking true numbers difficult⁸⁸. Furthermore, 97% of these murders have gone unpunished as the government proves either unwilling and/or unable to investigate these crimes.⁸⁹ Casual violence against workers is also rampant in the form of the lack of enforced workers' rights. "Fundamental labour rights like the freedom of association, the right to strike and the right to collective bargaining are not respected"⁹⁰ and the anti-union rhetoric rampant throughout the country has resulted in less than 5% of Colombian workers being unionised; this leaves workers vulnerable to exploitation and inhumane working conditions.⁹¹

The internal conflict in Colombia resulted in the displacement of millions of people, and Colombia having the largest internally displaced population with over 10% of its population estimated to be displaced.⁹² Indigenous and Afro-Colombians are believed to be the groups most affected by displacement.⁹³ In 2012 the Colombian government implemented the 'Victims Law' which sought to return the stolen land to those displaced.⁹⁴ Though done with good intentions, the laws have not been successful at returning people's land. Land activists and claimants have been met with extreme hostility and violence, and many of those who received land judgements were too scared to return.⁹⁵

Sadly, the Colombian government and military have been large contributors to violence against their own people. In 2010 seized documents proved that the DAS conducted illegal intelligence operations against copious vulnerable groups.⁹⁶ The DAS then went on to threaten, defame and sabotage these groups in order to keep their voices quiet.⁹⁷ Furthermore, the DAS was caught attempting to influence the FTA discussions with the EU and was caught spying on EP members and attempted to sabotage European human rights programmes in the country.⁹⁸

One of the government's biggest crimes has been the exposure of the 'False Positives'. False positives refer to a series of mass murders committed by the Colombian military which are believed to have occurred from 2002 to 2008 yet there are earlier suspected cases.⁹⁹ Civilians were kidnapped by multiple means (usually via the false promise of a job in a remote location)

<https://doi.org/ISBN: 978-3-923020-50-8>.

⁸⁷ Ibid

⁸⁸ Ibid 6

⁸⁹ Ibid

⁹⁰ Ibid 7

⁹¹ Ibid

⁹² June S. Beittel "Colombia: Background and U.S. Relations, Analyst in Latin American Affairs" Congressional Research Service (14/11/2017): 20

⁹³ Ibid 20

⁹⁴ Ibid 17

⁹⁵ Ibid

⁹⁶ Thomas Fritz, "The Second Conquest The EU Free Trade Agreement with Colombia and PeruThomas," Forschungs- Und Dokumentationszentrum Chile-Lateinamerika, (2010): 6

⁹⁷ Ibid

⁹⁸ Ibid

⁹⁹ Eleanor Gordon, "Crimes of the Powerful in Conflict-Affected Environments: False Positives, Transitional Justice and the Prospects for Peace in Colombia," State Crime Journal 6, no. 1 (January 2017): 133
<https://doi.org/10.13169/statecrime.6.1.0132>.

and were then killed, dressed in guerilla combat fatigues, posed with weapons, and then taken photos of.¹⁰⁰ This was done to boost the number of guerrillas and paramilitaries reportedly killed and, thus, the appearance, of success on the battlefield”.¹⁰¹ Under President Uribe efforts to combat guerilla groups were intensified and the military was under immense pressure to produce results; military members were given incentives to do so. Additionally, there was evidence that soldiers were punished if they refused to stage false positives.¹⁰² These accusations began to garner attention in 2008 when 19 men from Bogota were found dead hundreds of miles from their homes. They were reported to be guerilla members by the Colombian military¹⁰³. Before their murder, many of the men had informed their families that they had been offered a job in Santander and thus the circumstances of their death were extremely suspicious.¹⁰⁴ The families started searching for answers and found many others with similar stories.¹⁰⁵ When these crimes came to the public’s attention President Uribe responded by suspending 27 military personnel.¹⁰⁶

2.3 Economic Downturn Caused by the 2014 Oil Crash

As shown in Chapter 1 Colombia is extremely dependent on extractive industries, this leaves them vulnerable or market volatility. There will always be periods of boom and bust when it comes to natural resources, especially with extractive materials, thus as Colombia remains dependent on these industries it will continue to experience times of economic uncertainty brought about by oil crashes.

In the summer of 2014 oil prices dropped from almost 108 USD per barrel to only 44 USD per barrel.¹⁰⁷ Oil prices continued to drop and have struggled to return to the stable rates seen in the early 2000s. There were two main causes of this crash. Firstly, in a bid to avoid becoming overly dependent on foreign oil the US increased domestic production, reaching record-high levels in 2013.¹⁰⁸ With the increase in domestic production also came the development of better technology giving the US access to previously inaccessible reserves.¹⁰⁹ The US was now much less dependent on foreign oil and thus did not have the need to maintain importing it at the previous rates. Secondly, as prices began to fall OPEC suggested lowering production rates to balance prices, but sadly Saudi Arabia one of the largest producers refused this suggestion and continued to maintain previous production levels.¹¹⁰ The market was now flooded with an oversupply of oil resulting in a major crash.

¹⁰⁰ Ibid 137

¹⁰¹ Ibid

¹⁰² Ibid 138

¹⁰³ Ibid 135

¹⁰⁴ Ibid 136

¹⁰⁵ Ibid

¹⁰⁶ Ibid

¹⁰⁷ Dave Mead and Porscha Stiger, “The 2014 plunge in import petroleum prices: What happened?” Beyond the Numbers: Global Economy, vol. 4, no. 9 (U.S. Bureau of Labor Statistics, May 2015): <https://www.bls.gov/opub/btn/volume-4/the-2014-plunge-in-import-petroleum-prices-what-happened.htm>

¹⁰⁸ Ibid

¹⁰⁹ Ibid

¹¹⁰ Ibid

Though not the largest oil producers in LATAM, Venezuela, Ecuador, and Colombia are the most oil-dependent countries in the region as revenues from the industry contribute a significant proportion to their total exports, GDP, budget etc.¹¹¹ An additional blow to Colombia is the fact that it has a much higher cost of production in comparison to other major oil countries.¹¹² As oil prices remained low production threatened to be uneconomical.

The crash which was then worsened by the COVID-19 pandemic has had a large impact on Colombia's exports. Oil went from being worth 60% of total exports prior to the crash, to 41% in 2019 to only 28% in 2020¹¹³. Between 2019 and 2020 there were 17 fewer rigs in operation and production decreased by 16%.¹¹⁴ Prior to the Russian invasion of Ukraine in 2022, it was estimated that oil prices would remain around 40 USD per barrel; if this would have continued investment within the industry would not have been possible and reserves would have soon run dry.¹¹⁵ In the wake of the 2022 Russian-Ukraine conflict oil prices have once again skyrocketed and in early June of 2022 Brent crude oil was valued at 119.67 USD per barrel.¹¹⁶ It is uncertain for how long prices will remain this high or will offer stable rates and revenues.

¹¹¹ 2020 Francisco Monaldi | April 29, "Who the Oil Price Collapse Hurts Most in Latin America," Americas Quarterly, May 1, 2020,

<https://www.americasquarterly.org/article/who-the-oil-price-collapse-hurts-most-in-latin-america/>.

¹¹² Ibid

¹¹³ "Colombia's Declining Oil Industry Could Trigger an Economic Crisis," SeekingAlpha, accessed June 8, 2022, <https://seekingalpha.com/article/4384518-colombias-declining-oil-industry-trigger-economic-crisis>.

¹¹⁴ Ibid

¹¹⁵ Ibid

¹¹⁶ Charles Kennedy, "Oil Prices Flat as Russia Bombs Kyiv for First Time in Weeks," OilPrice.com, June 6, 2022, <https://oilprice.com/Energy/Oil-Prices/Oil-Prices-Flat-As-Russia-Bombs-Kyiv-For-First-Time-In-Weeks.html>.

Chapter 3: Developmental Theories

This paper will stress the importance of a diversified economy. To further establish why economic diversification is vital for development, it is important to discuss different developmental theories which look at how an over-dependence on natural resources may hinder development rather than aid and promote it. Understanding what long-term and healthy development may look like is also important. This section will discuss theories and models such as the resource curse, the Dutch disease, extractivism/ neo-extractivism, and sustainable development.

3.1 The Resource Curse

There are two general schools of thought when it comes to the notion of natural resource-based development. Firstly, there is the conventional view, based on the neo-classical economic and production function belief surrounding natural resources.¹¹⁷ With the conventional view mining creates wealth and thus contributes to economic development in both rich and poor countries as extraction costs for primary products are less than the market price which in turn generates economic rents.¹¹⁸ Furthermore, because of the potential profitability of mineral reserves they may be considered a country's stock of natural capital.¹¹⁹ Under the conventional view "the more capital a country possesses, the greater its output and the higher per capita its income".¹²⁰ Natural resources are a bit different to other forms of capital as they need to be extracted and thus must not stay dormant in the ground to exert their true benefit.¹²¹ Throughout the 1950s and '60s, this was an extremely common school of thought and common in the radical political economy literature of its time.

The second school of thought is the alternative view. This school offers a vastly different perspective on the developmental possibilities of natural resources. This school of thought was born in the late 1980s by Richard Auty, who first coined the term 'resource curse or paradox of plenty'. This notion challenged traditional and conventional thought via his studies showing that there was little to no economic growth in many mineral-intensive countries over more extended periods of time. Furthermore, natural resources may even hinder the development of such countries.¹²² When referring to natural resources or primary products, it is vital to distinguish that agricultural products are not included within the realm of the resource curse and instead mainly refer to mineral and petroleum products.¹²³ Auty and others who abide by this view believe that natural resources may hinder development for the following reasons: the extreme market

¹¹⁷ Graham A Davis and John E Tilton, "The Resource Curse," *Natural Resources Forum* 29 (2005): 234

¹¹⁸ *Ibid*

¹¹⁹ *Ibid*

¹²⁰ *Ibid*

¹²¹ *Ibid*

¹²² *Ibid* 235

¹²³ Michael L. Ross, "What Have We Learned about the Resource Curse?," *Annual Review of Political Science* 18, no. 1 (November 2015): 241
<https://doi.org/10.1146/annurev-polisci-052213-040359>.

volatility associated with them, and they promote rent-seeking behaviours, which leads to weak institutions and corruption.

Natural resources and primary products are highly elastic and volatile in nature. Both demand and price variations are subject to continuous change. Within the span of a few years, it is not uncommon for price variations of 30% or more.¹²⁴ With natural resources, there is more often a shift in demand rather than supply, and thus profits from such resources are not easily estimated.¹²⁵ With such boom-and-bust periods, it is challenging for governments to plan budgets and to spend accordingly, resulting in opportunistic spending during boom periods which may not be upheld during periods of bust.¹²⁶

The use of rents is widespread within extractive industries. Rents refer to profits or control of the industry, “mining rents captured by the State end up in government coffers, which according to the alternative view often cater to the ruling elite”.¹²⁷ This, in turn, leads to rent-seeking behaviour where officials and those involved in the industry seek larger shares of the mining rent; this results in switching the focus from expanding the economy itself to just control within an industry.¹²⁸ Even if rents are appropriately used to aid development, it is commonly done in an unproductive and incompetent manner.¹²⁹ Such behaviour may have a significant impact on the institutional strength of a country and further corruption.

Market volatility paired with rent-seeking behaviour may significantly strain countries with already weak political institutions. Natural resources, primarily petroleum, are often associated with harmful impacts on institutions.¹³⁰ Countries with grabber friendly institutions (corruption-prone) show that natural resource dependency lowers aggregate income rather than raising it, as seen with countries with strong institutions.¹³¹ This may lead to a cycle of corruption, weak institutions, and rent-seeking.

3.2 The Dutch Disease

Along with the resource curse, countries overly dependent on natural resources often suffer from a phenomenon called the Dutch disease. Whilst the resource curse often stems from corruption and weak institutions; the Dutch disease is a market failure issue.¹³² The “Dutch disease is a market failure resulting from the existence of cheap and abundant natural resources used to produce commodities which are compatible with a more appreciated exchange rate than

¹²⁴ Graham A Davis and John E Tilton, “The Resource Curse,” *Natural Resources Forum* 29 (2005):236

¹²⁵ *Ibid*

¹²⁶ Michael L. Ross, “What Have We Learned about the Resource Curse?,” *Annual Review of Political Science* 18, no. 1 (November 2015): 249

<https://doi.org/10.1146/annurev-polisci-052213-040359>.

¹²⁷ Graham A Davis and John E Tilton, “The Resource Curse,” *Natural Resources Forum* 29 (2005): 236

¹²⁸ *Ibid*

¹²⁹ *Ibid* 234

¹³⁰ Michael L. Ross, “What Have We Learned about the Resource Curse?,” *Annual Review of Political Science* 18, no. 1 (November 2015): 248

<https://doi.org/10.1146/annurev-polisci-052213-040359>.

¹³¹ *Ibid*

¹³² Luiz Carlos Bresser-Pereira, “The Dutch Disease and Its Neutralization: a Ricardian Approach,” *Brazilian Journal of Political Economy* 28 (January 2008): 50

the one that would be necessary to make competitive the other tradable industries”.¹³³ When discussing this phenomenon, researchers often see the economy as consisting of three sectors: the natural resource sector, the non-resource trade sector, and the non-tradables sector.¹³⁴ Whilst the world market sets the prices for both the natural resource and the non-resource trade sectors, the domestic economy sets the price of the non-tradables sector.¹³⁵ With the Dutch disease, a vicious cycle is created where a country becomes more dependent on the natural resource, and non-tradables sectors and the non-resource trade sector becomes weak and redundant.

There are two types of effects that are most responsible for leading to the Dutch disease. Firstly, the spending effect. This occurs when a higher demand for capital goods and increased public spending is triggered by rising salaries stemming from a boom in the natural resource sector.¹³⁶ Wages rise, but the non-resource trade sector cannot keep up with rising costs as this sector’s prices are established on the world market, not the domestic market.¹³⁷ Over time the non-resource trade sector becomes unprofitable and thus receives less attention; the country thus becomes more dependent on the natural resource sector and becomes much more susceptible to the issues discussed with the resource curse.

Secondly, there is the resource movement. This happens when a favourable shock occurs in the natural-resource sector and thus takes capital and labour from the other sectors (mainly the non-resource trade sector).¹³⁸ Both effects will make it so there will be a “chronic shortage of opportunities for lucrative investments in sectors producing tradables”.¹³⁹ As a result, output from the other sectors decreases, making it less profitable and weaker. When the natural-resource sector goes through an inevitable bust period, the non-resource trade sector is no longer strong enough to support the country’s economy.

3.3 Extractivism and Neo-Extractivism

Extractivism refers to activities related to extracting industries and products that are not destined for the domestic market but for export.¹⁴⁰ It is a classic colonial and neo-colonial model of development, where lesser developed countries are pushed to exploit their natural resources for greater developed markets.¹⁴¹ Over time this model has switched from direct colonial claiming of natural resources to the modern interpretation where countries are pushed by global institutions such as the IMF to continue this model via trade. Within LATAM, extractivism has been a cornerstone of development policies.¹⁴²

¹³³ Ibid 47

¹³⁴ Milan Brahmhatt, Otaviano Canuto, and Ekaterina Vostroknutova1, “Dealing with Dutch Disease,” *Poverty Reduction and Economic Management (Prem) Network*, no. 16 (June 2010): 1

¹³⁵ Ibid 2

¹³⁶ Ibid

¹³⁷ Ibid

¹³⁸ Ibid

¹³⁹ Luiz Carlos Bresser-Pereira, “The Dutch Disease and Its Neutralization: a Ricardian Approach,” *Brazilian Journal of Political Economy* 28 (January 2008): 49

¹⁴⁰ Dunia Mokrani, Miriam Lang, and Alberto Acosta, in *Beyond Development: Alternative Visions from Latin America* (Amsterdam: Transnational Institute: Fundación Rosa Luxemburg, 2013). 63

¹⁴¹ Ibid

¹⁴² Ibid

With the rising commodity prices of natural resources in the early 2000s and as the region went through the Pink Tide, many LATAM countries attempted to rebrand extractivism¹⁴³ by bringing about increased state intervention in the extractive industries.¹⁴⁴ With this neo-extractivism, the extractive industries were not seen as the issue, instead, the private transnational corporations who previously controlled them were at fault.¹⁴⁵ LATAM was attempting to reject the neoliberal model of development, yet the system of extractivism itself was not changed, just who controlled it. Governments believed that natural resources, especially hydrocarbons, could be a blessing, not a curse, via a better regulatory framework and management of these industries.¹⁴⁶ Furthermore, taxable rents could now be used to fund social development initiatives, and the industry could be held accountable for its negative environmental impacts.¹⁴⁷

As seen in Chapter 1.3 the Colombian government has attempted both extractivist and neo-extractivist models. With the renationalisation of Ecopetrol in the early 2000s by former President Uribe, we see the Colombian government re-establishing itself as the main actor in extractive industries and then seeking to control the majority of funds for different developmental programmes. As oil prices have remained low since the 2014 crash and with the additional hit of the COVID-19 pandemic, we see the Colombian economy struggle to maintain its former spending levels and thus development had been hindered. This shows that even in neo-extractivist models a country cannot escape the risks of the resource curse and the Dutch disease.

3.4 Sustainable Development

The concept of sustainable development was first discussed at the United Nations Conference on the Human Environment in 1972; here, experts addressed the connection between the quality of life and the environment¹⁴⁸. However, it wasn't until almost two decades later that the term was given an actual definition; it was to be understood as "development that can meet the needs of the present without compromising the ability of future generations to meet their own needs"¹⁴⁹. In 1992 the United Nations Commission on Sustainable Development was established¹⁵⁰. The commission created 58 indicators of sustainable development that encompassed a wide variety of areas such as institutions, the environment, and society¹⁵¹. These

¹⁴³ Henry Veltmeyer and James Petras, "The New Extractivism: A Post-Neoliberal Development Model or Imperialism of the Twenty-First Century?," Perlego (Zed Books, 2014), Ch1
<https://www.perlego.com/book/2012009/the-new-extractivism-pdf>.

¹⁴⁴ Dunia Mokrani, Miriam Lang, and Alberto Acosta, in *Beyond Development: Alternative Visions from Latin America* (Amsterdam: Transnational Institute: Fundación Rosa Luxemburg, 2013). 63

¹⁴⁵ Ibid

¹⁴⁶ Henry Veltmeyer and James Petras, "The New Extractivism: A Post-Neoliberal Development Model or Imperialism of the Twenty-First Century?," Perlego (Zed Books, 2014), Ch1
<https://www.perlego.com/book/2012009/the-new-extractivism-pdf>.

¹⁴⁷ Ibid

¹⁴⁸ Thomas M. Parris and Robert W. Kates, "Characterizing And Measuring Sustainable Development," *Annual Review of Environment and Resources* 28, no. 1 (2003): 562
<https://doi.org/10.1146/annurev.energy.28.050302.105551>.

¹⁴⁹ Ibid

¹⁵⁰ Ibid

¹⁵¹ Ibid

indicators were to be a measures system done voluntarily at the national level, and they would not lead to any conditionalities or imposed responsibilities¹⁵².

Sustainable development has gone from a system of voluntary measures to a concept that is at the forefront of global politics. Today it is a multi-dimensional and multi-approach “process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs”¹⁵³. Three distinct areas encompass sustainable development: society, the economy, and the environment¹⁵⁴. Each area is given equal attention and seen as equally important; thus, a country cannot sacrifice one area for the benefit of another¹⁵⁵.

There are three main approaches to achieving sustainable development: the economic approach, which maximises income whilst maintaining a constant or increasing stock of capital¹⁵⁶. The ecological approach attempts to “maintain the resilience and robustness of biological and physical systems”¹⁵⁷. Lastly, the socio-cultural approach seeks to “maintain the stability of social and cultural systems”¹⁵⁸. Though more countries and regions are dedicating themselves to sustainable development models, it is often the case that countries choose economic stability and development over the other areas. This leads to the question, is sustainable development possible for countries that use extractivist and neo-extractivist models?

¹⁵² Ibid

¹⁵³ Peter Rogers, Kazi F. Jalal, and John A. Boyd, *An Introduction to Sustainable Development* (London: Earthscan, 2010): Chapter 2, 3 components
<https://www.perlego.com/book/1548055/an-introduction-to-sustainable-development-pdf>.

¹⁵⁴ Ibid

¹⁵⁵ Ibid

¹⁵⁶ Ibid

¹⁵⁷ Ibid

¹⁵⁸ Ibid

Chapter 4: International Players in Colombia

To understand the full situation in Colombia, and how the EU may expand its role, it is important to look at the two main players in not only Colombia but all LATAM. Both the US and China play a large role in the region in terms of trade, industry, FDI, security, and ideology. This chapter will first discuss the historic and economic role each country plays in the region as a whole and then will further explain their relationship with Colombia specifically. What these relationships mean in terms of Colombian-EU relations will be further discussed in chapter 5.

4.1 The United States

The US and LATAM have a rather precarious relationship. The regions are heavily intertwined, politically, economically, and historically and the US remains to be the largest investor in FDI and trade partner with much of the region. That being said, because of the US's political and military domination of the region for much of the 19th and 20th centuries, there is much hostility and a desire for LATAM to distance itself from the US and its policies.

With the LATAM revolutionary wars in the early 19th century, the U.S sought to extend its sphere of influence over the entire American continent. In 1823 the Monroe Doctrine was produced; this established a new precedent for the region, where if any European power attempted to claim power over any of the recently independent states, it would be viewed as a direct attack on the security of the US¹⁵⁹. With this, the US became the self-imposed protector of the region, yet it would quickly become apparent that the US would use the Monroe Doctrine to yield influence across multiple sectors and not just security¹⁶⁰.

By the beginning of the 20th century, the US implemented the “big stick” policy, further cementing its role as the big brother of the region¹⁶¹. The US now acted as a policing force “against LATAM and Caribbean governments guilty of chronic bad behavior, failure to fulfill international obligations, or permitting a weakening of the bonds of civilized society”¹⁶². The US now was established as the moral, economic and military leader of the region. In the 1930s as Europe was on the brink of war against fascism, the Inter-American Conference in Panama established a region-wide pact to “take the necessary measures to rid the Americas of propaganda by doctrines which imperil the [region's] common democratic ideals”¹⁶³. As communism began to spread across the region, the US would use this pact to justify its military presence and political reformations in LATAM.

After the Cuban Revolution and with the rise of copious left-wing governments throughout the region, the US upped its ante, resorting to implementing strict military and economic

¹⁵⁹ Jaime Zuluaga Nieto, “U.S. Security Policies and United States–Colombia Relations,” *Latin American Perspectives* 34, no. 1 (2007): 113
<https://doi.org/10.1177/0094582x06296356>.

¹⁶⁰ Ibid

¹⁶¹ Ibid

¹⁶² Ibid

¹⁶³ Ibid

measures¹⁶⁴. Though economics played a large role, its main source of maintaining influence was via military efforts. Much of what the US did during this time in LATAM has since been deemed illegal, including torture, funding contra groups, coup d'états, and organised mass disappearances¹⁶⁵. The US continued with such measures until the fall of the USSR when the threat of communism was no longer the main concern¹⁶⁶. In the late 80s and throughout the 90s we see the US policy shift towards the War on Drugs.

Though much of LATAM fought US influence throughout the 20th century, Colombia remained closely aligned with the US and many of its security policies¹⁶⁷. Colombia adopted the US's anti-communist stance, signing intelligence-sharing agreements and adopting a national security doctrine developed by the US¹⁶⁸. The relationship between the US and Colombia grew considerably with Ronald Reagan's War on Drugs. In the 1990's Colombia experienced a sharp rise in paramilitary groups as they were able to funnel resources from the booming drug trade¹⁶⁹. As Colombia stood on the brink of state collapse the US decided it was paramount to intervene¹⁷⁰. The US believed that in addition to stopping the drug trade, aiding the Colombian government's ability to confront armed violence was vital¹⁷¹. This led to a bilateral agreement between the countries in the form of Plan Colombia; it aimed to "combat narcotics, foster peace and human rights, build democracy and further economic recovery and development"¹⁷². Even after the 9/11 attack in New York when US foreign policy went through major upheavals, Plan Colombia was still a priority and went through few changes¹⁷³.

Under President Alvaro Uribe, Colombia further established its efforts to combat the guerrillas and to grow its relationship with the US. Strengthening and deepening Colombia's ties with the US became a key foreign policy objective for Uribe, and thus the US became much more involved with the internal conflict in Colombia¹⁷⁴. Soon with US aid, the internal security situation in Colombia began to improve. At the same time, Uribe pushed for greater economic partnership with the US and soon began discussions regarding an FTA¹⁷⁵. Even without an FTA Colombia was able to export products duty-free to the US under the Andean Trade Preference Act¹⁷⁶. The FTA would represent the US's growing confidence and partnership with Colombia, yet it was met with fierce opposition in Colombia¹⁷⁷.

¹⁶⁴ Ibid 114

¹⁶⁵ Ibid

¹⁶⁶ Ibid 115

¹⁶⁷ Ibid

¹⁶⁸ Ibid

¹⁶⁹ Domínguez Jorge I. and Fernández de Castro Rafael, "Contemporary U.S.-Latin American Relations: Cooperation or Conflict in the 21st Century?," Perlego (Routledge Taylor & Francis Group, 2016), Ch 7
<https://www.perlego.com/book/1561619/contemporary-uslatin-american-relations-pdf>.

¹⁷⁰ Ibid Ch7

¹⁷¹ Ibid

¹⁷² Ibid

¹⁷³ Ibid

¹⁷⁴ Ibid

¹⁷⁵ Ibid

¹⁷⁶ Ibid

¹⁷⁷ Ibid

In 2010 Juan Manuel Santos was elected to power in Colombia, he would prove to take a very different approach to his predecessor; his government focused on fighting poverty, unemployment, etc., and mending regional relationships, mainly with Ecuador and Venezuela¹⁷⁸. Santos did not even make mention of the US in his inaugural address, showing that Colombia would no longer place the US partnership first¹⁷⁹. Despite this, the Colombian US relationship remained strong. Finally, in 2012 an FTA was implemented, and the two countries have a large number of bilateral agreements to help aid development¹⁸⁰. The US continues to be Colombia's top trade partner and bolsters a strong relationship.

In 2019 US goods and services trade with Colombia totaled an estimated 40.7 billion USD, with the US having a trade surplus of 3.3 billion USD¹⁸¹. Exports from Colombia to the US were roughly 14.2 billion USD in goods (25% increase since 2009, pre-FTA) and 4.5 billion USD in services (177% increase since 2009)¹⁸². The US's main exportation products to Colombia were agricultural goods, whilst Colombia's main exports to the US were mineral fuels¹⁸³. US FDI in Colombia was 8.3 billion USD, an increase from the previous year¹⁸⁴. Prior to the 2012 FTA Colombia had a strong trade surplus with the US, but it is not correct to suggest the FTA is the reason behind this, but as Colombia's main export hydrocarbons have experienced a severe drop in commodity prices¹⁸⁵.

4.2 China

China has historically played a very small role in LATAM, however, since the beginning of the 21st century, China has since grown to become the region's second-largest trade and FDI partner¹⁸⁶. According to UN statistics, between 2000 and 2009 trade between the two regions grew by over 1500%¹⁸⁷. Within LATAM, China's main 'strategic partners' are Brazil, Mexico, Argentina, and Venezuela¹⁸⁸. The main exports from LATAM to China are copper, iron ore, oil, and soybeans¹⁸⁹. Though the natural resource sector has boomed with Chinese interest, manufacturing industries have become less productive as they now must compete with cheap Chinese products in both the global and domestic markets¹⁹⁰.

¹⁷⁸ Ibid

¹⁷⁹ Ibid

¹⁸⁰ Ibid

¹⁸¹ "Colombia." United States Trade Representative. Accessed June 8, 2022.

<https://ustr.gov/countriesregions/americas/colombia#:~:text=U.S.%2DColombia%20Trade%20Facts&text=U.S.%20goods%20and%20services%20trade,was%20%243.3%20billion%20in%202019.>

¹⁸² Ibid

¹⁸³ Ibid

¹⁸⁴ Ibid

¹⁸⁵ Domínguez Jorge I. and Fernández de Castro Rafael, "Contemporary U.S.-Latin American Relations: Cooperation or Conflict in the 21st Century?," Perlego (Routledge Taylor & Francis Group, 2016), Ch 7

[https://www.perlego.com/book/1561619/contemporary-uslatin-american-relations-pdf.](https://www.perlego.com/book/1561619/contemporary-uslatin-american-relations-pdf)

¹⁸⁶ Katherine Koleski, "Backgrounder: China in Latin America," Backgrounder: China in Latin America (2011): 9 [https://www.uscc.gov/sites/default/files/Research/Backgrounder_China_in_Latin_America.pdf.](https://www.uscc.gov/sites/default/files/Research/Backgrounder_China_in_Latin_America.pdf)

¹⁸⁷ Ibid

¹⁸⁸ Ibid 4

¹⁸⁹ Ibid 5

¹⁹⁰ Ibid 7

In 2008 China joined the IDB and by 2009 the Export-Import Bank of China and the China Development Bank had already begun to partner with the IDB to finance multiple projects within LATAM¹⁹¹. China had thus established itself as an economic alternative to both the US and EU¹⁹². By 2009 China was already the third-largest provider of FDI in the region. China has three main objectives with their FDI in LATAM, “resource acquisition, market access, and efficiency-seeking”¹⁹³ furthermore, China’s FDI is highly focused on natural resource extraction¹⁹⁴. Additionally, China has been able to bypass local partner requirements imposed by copious countries via its ability to secure additional funding from Chinese banks¹⁹⁵.

Compared to other South American countries, Colombia has a relatively low sphere of Chinese influence, and has “long lacked significant engagement in terms of foreign trade”¹⁹⁶. One reason for lower Chinese influence is because of Colombia’s historically strong relationship with the US. China began expanding its influence to LATAM during the early 2000s, Colombia during this time under President Uribe was building upon its relationship with the US with the aforementioned ‘Plan Colombia’ and was seen as “Washington’s faithful vassal in South America”¹⁹⁷. Whilst the rest of LATAM was looking for alternative global partners to the EU and US, Colombia was reaffirming US-focused policies¹⁹⁸.

Colombia had little interest in China during its prime LATAM expansion years¹⁹⁹. Unlike their neighbours Venezuela, Colombia lacked ideological connections with China²⁰⁰. Whilst Hugo Chavez sought bilateral leadership visits and Chinese FDI, Uribe moved towards neoliberalism²⁰¹. Furthermore, Colombians have a generally negative opinion of China and are quite suspicious of their intentions in comparison to the rest of the region²⁰². According to the Pew Research Center, only 28% of Colombians view China in a positive manner, compared to 48% of the rest of LATAM²⁰³. Additionally, 45% of Colombians believed that China has had a negative impact on the region²⁰⁴.

However, under the Trump administration, a growing disconnect between Colombia and the US has become apparent, and China is attempting to step in and fill the growing gaps²⁰⁵. China’s Belt and Road initiative has become central in Colombian development and China is becoming

¹⁹¹ Ibid

¹⁹² Ibid

¹⁹³ Ibid 10

¹⁹⁴ Ibid

¹⁹⁵ Ibid

¹⁹⁶ Benjamin Creutzfeldt “China’s Foreign Direct Investment in Colombia,” China’s Foreign Direct Investment In Latin America And The Caribbean” 2019: 191

¹⁹⁷ Ibid 192

¹⁹⁸ Ibid

¹⁹⁹ Ibid 193

²⁰⁰ Ibid

²⁰¹ Ibid

²⁰² Ibid

²⁰³ Ibid 195

²⁰⁴ Ibid

²⁰⁵ Ibid

increasingly more present in Colombia's informal mining activities²⁰⁶. In 2020 Colombia exported 2.8 billion USD worth of goods to China, of which crude petroleum accounted for 2.19 billion USD²⁰⁷. In 2020 Colombia did not report any export of services to China²⁰⁸. Since 1995 exports to China have increased at an annualized rate of 18%²⁰⁹. Whilst Colombia exports primary products to China such as crude oil, coffee, and coal, Chinese imports to Colombia are secondary products, mainly electronics and cloth articles²¹⁰.

²⁰⁶ Ibid 201

²⁰⁷ "China (CHN) and Colombia (COL) Trade." OEC. Accessed June 8, 2022.

[https://oec.world/en/profile/bilateral-country/chn/partner/col#:~:text=Articles%20\(%24386M\).During%20the%20last%2025%20years%20the%20exports%20of%20China%20to,Coal%20Briquettes%20\(%2468.5M\).](https://oec.world/en/profile/bilateral-country/chn/partner/col#:~:text=Articles%20(%24386M).During%20the%20last%2025%20years%20the%20exports%20of%20China%20to,Coal%20Briquettes%20(%2468.5M).)

²⁰⁸ Ibid

²⁰⁹ Ibid

²¹⁰ Ibid

Chapter 5: The EU and Colombia

5.1 EU & Latin America

After the LATAM wars for independence in the early 19th century, and with the US's establishment of the Monroe Doctrine, Europe had lost most of its influence within the region. It wasn't until after 1945 when countries such as Germany saw LATAM as a vital developmental partner did Europe experience a political resurgence in the area²¹¹. As the Cold War entered into full swing, the US emerged as a leading global power and sought further to consolidate itself as the leading power in LATAM²¹². This, paired with the growing alliance between the US and Western Europe, led much of Europe to prioritise its relationship with the US over other regions. Furthermore, Europe did not want to impose on the US's domain which could risk them losing favour²¹³. Even though Europe was politically interested in LATAM and many LATAM countries had expressed returned interest in Europe, such relations were forced to take a back seat²¹⁴.

In the 1980s, during the Third Enlargement phase of the EEC, Spain became a new member²¹⁵; Europe once again had a vested interest in LATAM as the two regions now had a historical, cultural, and political bridge²¹⁶. With the fall of the Communist Bloc in the early 1990s, a new global foreign policy situation emerged, resulting in new possibilities between the regions²¹⁷. During this time, the EU launched its first series of programmes in the region focused on higher education, support to small and mid-sized businesses, and local urban development²¹⁸. In 1996 the EU EOM became present in the region and has since been present in over 20 elections in LATAM and has been responsible for over 120 missions to promote democracy²¹⁹.

In 1999 the first Summit meeting between the Heads of State and Governments of the EU and LAC took place in Rio de Janeiro, Brazil; this meeting would be held semi-annually to strengthen relations between the regions²²⁰. At this first meeting, the regions established a Strategic Partnership, the aim of which was to strengthen the relationship between the EU and LAC and create concrete policy recommendations focused on the following: bi-regional dialogue, taking a bottom-up approach to support regional integration, strengthening bilateral agreements with individual countries, the continuation of support towards the Development Cooperation, climate change, and increased cooperation in the field of justice, freedom and

²¹¹ Stefan Rinke, "Latin America and Europe: A Historical Perspective," EU-LAC, accessed June 8, 2022, <https://eulacfoundation.org/en/latin-america-and-europe-historical-perspective>.

²¹² Ibid

²¹³ Ibid

²¹⁴ Ibid

²¹⁵ Ibid

²¹⁶ Ibid

²¹⁷ Ibid

²¹⁸ Roberto Dominguez, *EU Foreign Policy towards Latin America* (Basingstoke: Palgrave Macmillan, 2015):Ch 2.3

<https://www.perlego.com/book/3486964/eu-foreign-policy-towards-latin-america-pdf>.

²¹⁹ Ibid

²²⁰ "Commission Lays out a New Vision for EU-Latin America Relations - Colombia," ReliefWeb, Sept 30, 2009, <https://reliefweb.int/report/colombia/commission-lays-out-new-vision-eu-latin-america-relations>.

security, etc.²²¹ It has been over twenty years since the Strategic Partnership was established. Yet, officials argue that it is not keeping up with the changing global climate and should be revised to reflect the EU's growing dedication to multilateralism whilst avoiding negative perceptions of neo-colonialism and imperialism like the US and China²²².

In 2008 at the EU-LAC Summit in Lima, EUROCLIMA was established, designed to foster collaboration between the regions on climate change issues²²³. Funding from EUROCLIMA has gone towards creating policies, plans, and studies on “the social and economic impacts of climate change, including fiscal policies and public finance”²²⁴. The main goals of this programme were to promote green growth and minimise LATAM's “environmental and social vulnerability to climate change”,²²⁵ which hoped to result in poverty reduction and a stronger resilience to climate change-based issues²²⁶. The structure of EUROCLIMA is based on shared responsibilities between EU, LATAM and international actors. DEVCO is responsible for its overall management. The UN-ECLAC provides “countries with proposals for public policies to address the socio-economic problems caused by climate change”. Finally, LATAM governments then guide and facilitate the programmes within their countries²²⁷. EUROCLIMA now operates within the Paris Agreement and the Green New Deal realm²²⁸.

The EU strives to remain dedicated to establishing its connections and growing its influence within LATAM. A common pathway for the EU to accomplish such goals is via the implementation of regional programmes; such programmes fall under five categories “1) social cohesion/development, 2) climate change/environment, 3) education, 4) migration/security, and 5) information”²²⁹. Yet despite the EU's verbal affirmations, “with the exception of two or three Latin American countries, the EU aid allocated to Latin America is quite modest and is often surpassed by remittances from emigrants”²³⁰, and in 2013 Latin America received only 4% of ECHO's budget, compared to Africa who received 40% and the Middle East who received 32%²³¹. Furthermore, EU High Representative for Foreign Affairs and Security Policy Josep Borrell believes that there is a sense of neglect felt by LATAM; this may stem from the growing

²²¹ Ibid

²²² EU and Latin America A Stronger Partnership?

²²³ Roberto Dominguez, *EU Foreign Policy towards Latin America* (Basingstoke: Palgrave Macmillan, 2015): Ch 2.3

<https://www.perlego.com/book/3486964/eu-foreign-policy-towards-latin-america-pdf>.

²²⁴ “EUROCLIMA: Science and Policy Jointly Fighting Climate Change,” accessed June 8, 2022: 1

https://eulacfoundation.org/en/system/files/Euroclima_Final_EN.pdf.

²²⁵ Ibid 3

²²⁶ Ibid

²²⁷ Ibid 2

²²⁸ Ibid 2

²²⁹ Roberto Dominguez, *EU Foreign Policy towards Latin America* (Basingstoke: Palgrave Macmillan, 2015): Ch 2 <https://www.perlego.com/book/3486964/eu-foreign-policy-towards-latin-america-pdf>.

²³⁰ Ibid

²³¹ Ibid

perception that the EU is not as dedicated as they may state, as the EU's words have not aligned with its "allocation of resources or interest"²³².

Within LATAM, the EU risks offering overly euro-centric solutions to climate change and development issues. One Latin American Ambassador is quoted as saying, "It's important that the EU sees the topic of the environment not only from its perspective but also from outside countries' perspectives. We all want to fight against climate change, but Europe's environment toolbox does not necessarily contain all the answers"²³³. Many LATAM countries have adopted what they refer to as decolonial models of development based on the concept of Buen Vivir, countries such as Ecuador and Bolivia have gone so far as to give explicit rights to nature at the constitutional level, and the LATAM region is the "global leader in sustainable energy, and the region with the highest share of renewable power generation – 68%; Europe is at 37%"²³⁴.

5.2 EU-Colombian Relations

In the past two decades, the EU has started to form a substantial economic interest in Colombia and the Andean region. Though they previously had minimal economic and trade interest in Colombia, The EU executed its main sphere of influence within humanitarian aid and its large role and dedication to peace negotiations. The EU's lack of economic interest in Colombia can be explained by the financial weakness of CAN and Colombia²³⁵. The Andean region had and continues to have a much smaller economy than other regions in LATAM, such as the Southern Cone or Brazil. Thus, the EU had historically had a much smaller trade volume with them²³⁶. It was far more logical for the EU to prioritise FTAs with its more significant trade partners with greater economic potential than CAN²³⁷. It wasn't until 2006 that the EU expressed interest in CAN and thus Colombia for an FTA partnership²³⁸.

Secondly, the EU was hesitant and unable to expand its influence because of the US's dominance and strong partnership with Colombia. As expressed in the previous chapter, Colombia and the US have a long-standing partnership, and such a relationship has proven to be a barrier to entry for other powers²³⁹. In the 1990s, Colombia did not place great importance on a diplomatic or economic relationship with the EU²⁴⁰. This was made evident with the changes to the foreign ministry in 2000: both the Vice-Ministry for European affairs and the General Direction? for Europe were removed. Colombia also closed a handful of embassies across

²³² Daniel Pietikäinen, "EU-Latin America: Reviving the 'Other' Transatlantic Relationship," Friends of Europe, December 10, 2020, <https://www.friendsofeurope.org/insights/eu-latin-america-reviving-the-other-transatlantic-relationship/>.

²³³ Ibid

²³⁴ Ibid

²³⁵ Roberto Dominguez, *EU Foreign Policy towards Latin America* (Basingstoke: Palgrave Macmillan, 2015):Ch 2 <https://www.perlego.com/book/3486964/eu-foreign-policy-towards-latin-america-pdf>.

²³⁶ Ibid

²³⁷ Ibid

²³⁸ Ibid

²³⁹ Rocío Pachón, "Plan Colombia: Exploring Some Myths and Effects on Colombian Foreign Policy 1998-2006," *Análisis Político* 65 (January 2009): 136

<http://www.scielo.org.co/pdf/anpol/v22n65/v22n65a07.pdf>.

²⁴⁰ Ibid

Europe²⁴¹. With the election of Uribe in 2002, EU-Colombian relations were pushed further back as US policies and relationships took priority²⁴².

Whilst the US took a militarised and security approach to Colombia's internal terrorist and drug conflict, the EU valued a route based on humanitarian aid and sustainable development models²⁴³. EU involvement in creating peace and stability in Colombia can be broken down into three phases. The first phase took place during the mid-1980s-90s, in which the EU mainly offered “incipient support by some European governments for the counter-narcotics efforts”²⁴⁴. The second phase spans from 1999 to 2002; during this time, President Pastrana attempted to create a peace deal with the FARC. The EU’s role in Colombia increased during this phase as multiple EUMS accompanied peace talks and created their peace policy toward Colombia in response to the US’s Plan Colombia²⁴⁵. Finally, the third phase is after the failure of the previous peace negotiations and with the election of President Uribe in 2002. Relations under the Uribe administration were strained as the EU condemned many of Uribe’s harsh policies and human rights abuse scandals. Furthermore, the relationship with the EU was often overshadowed by the long-established one Colombia held with the US²⁴⁶.

As previously mentioned the EU did not favour Uribe’s policies; However, they remained dedicated to Colombia’s fight against terrorism and development reformations²⁴⁷. The EU developed a three-tier multi-institutional approach to handle conflict in Colombia during Uribe’s terms:

*“(1) the information campaign in Europe through the Colombian embassy, (2) the implementation by Accion Social of multilateral principles for donors’ alignment and definition of the cooperation strategy, and (3) the inclusion of the PDPs and the Peace Laboratories in the National Development Plan designed at the National Planning Department.”*²⁴⁸

Furthermore, the EU moved towards policies that encompassed investment, trade opportunities, and environmental issues; it wanted to prioritise the role of civil society in creating peace and sustainable development in hopes of acting as a balance to the US’s militarized presence²⁴⁹. Former Commissioner Chris Patten explained the EU’s approach as the following:

²⁴¹ Ibid 137

²⁴² Ibid

²⁴³ Michael Krakowski, “The Relations between the European Union and Latin America and the Caribbean,” *Intereconomics* 43, no. 2 (2008):

<https://doi.org/10.1007/s10272-008-0248-9>.

²⁴⁴ Ibid

²⁴⁵ Ibid

²⁴⁶ Ibid

²⁴⁷ Ibid

²⁴⁸ Dorly Castaneda, *The European Approach to Peacebuilding; Civilian Tools for Peace in Colombia and Beyond* (Basingstoke, : Palgrave Macmillan, 2014): Part 3 A.

<https://www.perlego.com/book/3486407/the-european-approach-to-peacebuilding-pdf>.

²⁴⁹ Ibid

“First, to support, in the field, the implementation of the specific agreements entered into by the conflicting parties; second, to build up zones of peaceful coexistence for the inhabitants by reinforcing local institutions, and supporting civilian actors engaged in promoting peace; and third, to foster economic and social development, including, when possible, support to alternative development”²⁵⁰.

The EU invested over 650 million euros via multiple programmes, such as the EU Trust Fund for Peace, towards the peace process²⁵¹. The EU remains dedicated to developmental efforts in Colombia even after the 2016 Peace Treaty; the Colombian Representative in the EU and Belgium, Sergio Jaramillo Caro, has stated the “EU has been, without question, Colombia’s strongest partner” during the new post-conflict phase and favours their needs-based approach to conflict resolution²⁵².

5.3 EU-Colombian Potential

As discussed in the previous chapter the US has been the dominant power in Colombia since its independence. As a result, both the EU and China have not had the opportunity to garner a strong economic presence. Though the US’s dominance may have historically hindered the EU’s possibilities in Colombia, moving forward, it may prove to be a blessing.

China has become the second-largest trade partner in LATAM, yet, it has a minimal presence in Colombia compared to other LATAM or Andean countries, thanks in turn to the US’s influence. Additionally, Colombia has a rather negative perception of China and its people do not wish for China to become overly involved in the country or its extractive industries. As the US takes a step back from the region, and Colombia seeks alternatives to neoliberal development strategies, it would only be logical for the EU to fill its place. Furthermore, the US is far more likely to support a growing EU presence than a Chinese one eliminating many barriers to entry the EU formerly may have had.

The EU has a strong humanitarian presence in Colombia and is seen as a beneficial friend since the conclusion of the 2016 Peace Treaty, and now must push to expand its role. Over the past two decades, thanks largely to the EU-CAN FTA, trade between the EU and Colombia had grown exponentially. The EU must now ask itself how such a growing relationship can be used to promote sustainable development policies aligned with the Green New Deal and other EU values.

²⁵⁰ Ibid

²⁵¹ “Eu-Colombia Relations,” EEAS, accessed June 8, 2022, https://www.eeas.europa.eu/_en.

²⁵² Vote Watch Europe, *Vote Watch Europe*, August 29, 2018, <https://www.votewatch.eu/blog/exclusive-interview-the-outlook-for-eu-colombia-relations-in-an-increasingly-divided-world/>.

Chapter 6: The EU-Colombia/Peru Trade Agreement

6.1 The EU's General Scheme of Preferences

Before the FTA, CAN countries were included under the EU's GSP. The GSP is an incentive-based mechanism designed to help lesser-developed countries by making trade with the EU more accessible by reducing tariffs and offering preferential deals.²⁵³ Furthermore, it attempts to promote sustainable development by encouraging countries to implement measures covering human and workers' rights, the environment, and good governance in return for additional preference.²⁵⁴ The GSP is based on three main concepts. Firstly, trade revenue generates economic activity and growth and thus is vital for development.²⁵⁵ Secondly, for certain countries to be able to access the trade market, they need preferential treatment in or to compete.²⁵⁶ Lastly, economic diversification is vital for sustainable development.²⁵⁷ Therefore, the EU and the GSP should promote the trade of secondary products rather than primary products; this would break the cycle of lesser developed countries supplying raw materials and greater developed countries creating more valuable industrial products. Furthermore, the GSP is designed to offer stable aid throughout all economic environments and conditions whilst not overly impacting trade with its larger, more developed partners.²⁵⁸

Not all lesser developed countries may be included under the GSP, there are three requirements to be considered. Firstly, there are 27 international conventions which the countries must ratify and show progress towards their effective implementation.²⁵⁹ Second, countries must maintain the 27 conventions and must be willing to have their progress monitored and reviewed.²⁶⁰ Thirdly, they must be considered a vulnerable country.²⁶¹ By GSP standards a vulnerable country must be considered low income by the World Bank for three consecutive years and furthermore, they must have low levels of trade with the EU at the time of applying with undiversified trade based on only a few products.²⁶²

Economic strength between the countries in the Andean Community varies greatly with Colombia and Peru having much higher GDPs and economic stability than Bolivia, Ecuador and former member Venezuela. Though Bolivia could retain their vulnerable country status, Colombia, Ecuador and Peru were able to move up to middle-income country status and thus

²⁵³ European Commission, "The EU's New Generalised Scheme of Preferences (GSP)," *European Commission*, December 2012: 13

https://trade.ec.europa.eu/doclib/docs/2012/december/tradoc_150164.pdf.

²⁵⁴ *Ibid* 11

²⁵⁵ *Ibid*

²⁵⁶ *Ibid*

²⁵⁷ *Ibid* 13

²⁵⁸ *Ibid*

²⁵⁹ *Ibid* 14

²⁶⁰ *Ibid*

²⁶¹ *Ibid*

²⁶² *Ibid*

were no longer eligible to be included under the GSP.²⁶³ With no trade agreement and without the GDP they would be demoted to MFN status and have to pay the tariffs associated with such status.²⁶⁴ During this time the EU was dedicated to bi-regional agreements over bilateral ones and thus wished to establish a trade agreement with CAN even if some members were still eligible for the GDP.

6.2 The making of the EU-Colombia/Peru FTA

A relationship between the EU and Andean Community can be traced back to 1983 with the establishment of the joint European Community-Andean Community Committee.²⁶⁵ A decade later in 1993 relations were strengthened with the Framework Cooperation Agreement.²⁶⁶ Trade between the region remained minimal during this time but the EU was invested in humanitarian aid in the region and remained dedicated to the ongoing peace negotiations within Colombia. In 2003 the regions came together to create the PDCA which aimed to promote human rights, the rule of law, and to build a relationship of mutual benefit; this would lay the foundation for negotiations for a potential FTA between the regions.²⁶⁷ As stated in the previous section during this time Andean countries were offered preferential trade conditions under the GSP, and no country had a trade agreement with the EU.

Around this time the US entered their own negotiations with Colombia and Peru for an FTA, the EU's willingness to enter into similar negotiations was heavily influenced by this.²⁶⁸ One of the major impacts of the US FTA was Venezuela deciding to leave the CAN in protest of the threat of potential increased US influence within the CAN partnership. Venezuela argued that by signing an FTA with the US Peru and Colombia would be in breach of Andean Community Law as members must take into consideration the potential impact such a deal would have on members uninvolved in the negotiating process.

In 2007 the EU and CAN began negotiations for a region-to-region Association Agreement that encompassed a wide variety of goals to promote sustainable development.²⁶⁹ The agreement would be built upon three pillars: "political dialogue, development cooperation and free trade".²⁷⁰ Because of the issues created within the community with the US FTA, the possibility

²⁶³ Directorate-General for Trade, "Ex Post Evaluation of the Implementation of the Trade Agreement between the EU and Its Member States and Colombia, Peru and Ecuador" (Luxembourg: European Commission, 2021), 3 https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159719.pdf.

²⁶⁴ Ibid

²⁶⁵ Joan Miguel Tejedor-Estupiñán, "Economic Impacts of the Free Trade Agreement Between the European Union and Colombia" (dissertation, Corvinus University of Budapest, 2022).64

²⁶⁶ Ibid

²⁶⁷ Ibid

²⁶⁸ Maria J Garcia, "EU Trade Relations with Latin America: Results and Challenges in Implementing the EU-Colombia/Peru Trade Agreement," *Policy Department, Directorate-General for External Policies*, February 22, 2016: 15

[https://www.europarl.europa.eu/RegData/etudes/STUD/2016/534992/EXPO_STU\(2016\)534992_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2016/534992/EXPO_STU(2016)534992_EN.pdf).

²⁶⁹ Directorate-General for Trade, "Ex Post Evaluation of the Implementation of the Trade Agreement between the EU and Its Member States and Colombia, Peru and Ecuador" (Luxembourg: European Commission, 2021), 2 https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159719.pdf.

²⁷⁰ Thomas Fritz, "The Second Conquest The EU Free Trade Agreement with Colombia and Peru" Thomas," *Forschungs- Und Dokumentationszentrum Chile-Lateinamerika*, (2010): 4

of an FTA with the EU proved to be controversial.²⁷¹ The EU already had bilateral agreements with a few LATAM countries, but this would be their first bi-regional agreement.²⁷² Negotiations would prove to be difficult as two of the four CAN countries had serious apprehensions. Under the US FTA Colombia and Peru were forced to liberalise and open their economies making way for US products (mainly agricultural) to enter their markets.²⁷³ Bolivia and Ecuador were worried that similar stipulations would be made for this new EU agreement.

Prior to discussions, Bolivia submitted 17 criteria which they believed the EU should work towards via the agreement, such criteria included the protection of domestic markets and a continuation of Andean integration attempts.²⁷⁴ Ecuador was also hesitant as they had concerns over aspects of the agreement such as the EU's measures for the protection of intellectual property rights.²⁷⁵ It is also worth noting that Ecuador was in an active trade dispute with the EU during this time over one of their most important exports, bananas. Bolivia and Ecuador petitioned within the CAN to maintain community unity whilst still being allocated special treatment as their economies were much weaker than that of Peru and Colombia.²⁷⁶ The community agreed and adopted Decision 667. The CAN brought the requests to the negotiations with the EU, but the EU did not accept these provisions and the EC was not open to this flexible approach.²⁷⁷

By the summer of 2008, the EU cancelled the fourth round of negotiations and discussions were suspended.²⁷⁸ Months later it was announced that discussions would continue but with only Colombia and Peru, there was still however the possibility of continuing talks with the other two members.²⁷⁹ Discussions began again in January of 2009, but it was no longer for an Association Agreement rather it was for an FTA between the EU and Colombia/Peru.²⁸⁰ Since the EU adopted the CCP it has viewed trade as a means to further its foreign policy objectives in terms of promoting development, improving human rights, and environmental measures.²⁸¹ Furthermore, via trade, the EU can ensure that countries adopt EU level standards and regulations. This is seen as beneficial for both partners as European businesses ensure lower expenses and partner countries obtain higher standards.²⁸²

Negotiations did not run smoothly as there was a great deal of criticism on both sides., This will be further discussed in the next section. Complaints made by the EU resulted in Resolution 2628

²⁷¹ Ibid

²⁷² Ibid

²⁷³ Ibid

²⁷⁴ Ibid

²⁷⁵ Ibid

²⁷⁶ Ibid

²⁷⁷ Ibid

²⁷⁸ Directorate-General for Trade, "Ex Post Evaluation of the Implementation of the Trade Agreement between the EU and Its Member States and Colombia, Peru and Ecuador" (Luxembourg: European Commission, 2021), 3 https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159719.pdf.

²⁷⁹ Thomas Fritz, "The Second Conquest The EU Free Trade Agreement with Colombia and Peru" Thomas, "Forschungs- Und Dokumentationszentrum Chile-Lateinamerika, (2010):5

²⁸⁰ Ibid

²⁸¹ Ibid 20

²⁸² Ibid 5

the Roadmap of the EU-Colombia/Peru FTA which was designed to aid Colombia's and Peru's implementation of institutional-level changes to promote the protection of human and labour rights.²⁸³ On the 19th of May 2010 in Madrid, Spain negotiations for the FTA were concluded, and endorsed by the European Council, European Parliament, and the Congress of both Colombia and Peru.²⁸⁴ The agreement was signed in 2012 and provisions went into effect in Peru in March 2013, and in Colombia in August 2013.²⁸⁵ In 2013 Ecuador decided to re-enter negotiations with the EU; discussions were then concluded in 2014. In 2016 the three Andean countries Peru, Columbia and Ecuador alongside the EU signed the Protocol of Accession. Provisions for Ecuador then came into effect on the 1st of January 2017.²⁸⁶

6.3 Criticism at the Time of Negotiations

The FTA proved to be very controversial for both regions involved. During the discussions, a draft of the FTA was leaked, sparking outrage. From the Andean perspective, many groups argued and took issue with the terms of the FTA and the concept of an FTA in and of itself. The criticism from the EU was in the form of outrage as many could not believe that the EU would be willing to sign an agreement with Colombia, a country with rampant human rights abuse which was in direct conflict with EU values. This section will mainly focus on the criticism of the FTA from the Andean perspective as they are issues which could be resolved with a new FTA or by re-writing the current agreement.

There were three main complaints against the FTA within Colombia and Peru. Firstly, the proposed FTA would reinforce the traditional roles of North-South trade relations where the south extracts resources for the benefit of the north. Secondly, many worried that it pushed risky economic deregulation during extreme economic uncertainty. Lastly, rights protection groups believed that the FTA did not do enough in terms of human and labour rights and environmental protection and that the proposed measures were weaker than those under the GSP.

Many groups throughout the two Andean countries were worried that transnational European corporations working in the countries would be the ones to benefit the most from the FTA and not the countries' citizens.²⁸⁷ The FTA seemed to hinder economic diversification as it deepened the traditional trade roles of LATAM being a producer of raw materials and natural materials and the greater developed EU as a producer of industrialised goods and services.²⁸⁸ Furthermore, the FTA pushed for very neoliberal trade ideals such as a large reduction in tariffs for agricultural

²⁸³ Maria J Garcia, "EU Trade Relations with Latin America: Results and Challenges in Implementing the EU-Colombia/Peru Trade Agreement," *Policy Department, Directorate-General for External Policies*, February 22, 2016: [https://www.europarl.europa.eu/RegData/etudes/STUD/2016/534992/EXPO_STU\(2016\)534992_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2016/534992/EXPO_STU(2016)534992_EN.pdf).

²⁸⁴ Thomas Fritz, "The Second Conquest The EU Free Trade Agreement with Colombia and PeruThomas," *Forschungs- Und Dokumentationszentrum Chile-Lateinamerika*, (2010): 5

²⁸⁵ Directorate-General for Trade, "Ex Post Evaluation of the Implementation of the Trade Agreement between the EU and Its Member States and Colombia, Peru and Ecuador" (Luxembourg: European Commission, 2021), https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159719.pdf.

²⁸⁶ *Ibid*

²⁸⁷ Thomas Fritz, "The Second Conquest The EU Free Trade Agreement with Colombia and PeruThomas," *Forschungs- Und Dokumentationszentrum Chile-Lateinamerika*, (2010): 3

²⁸⁸ *Ibid*

products; this made Colombia and Peru worried that they would be forced to flood their markets with European agricultural goods, as they had been with the US FTA and the dairy industry.²⁸⁹

The rapid market liberalisation was heavily criticized. The EU was pushing for the liberalisation and deregulation of many key sectors such as those in charge of financial, energy, and environmental services.²⁹⁰ Even in the wake of the 2008 global market crash, the EU still pushed for risky deregulation.²⁹¹ Additionally, the EU aimed to minimise if not eliminate the use of capital controls.²⁹² Safeguarding measures like this were to only be permitted upon exceptional circumstances and could only be applied for a maximum of one year with only some exceptions.²⁹³ Capital controls are supposed to be a preventative protection measure so if they were to be applied only after an economic shock were to occur they would have little impact on the issue.²⁹⁴

Finally, human, and labour rights groups, and environmental groups opposed the FTA as they believed it did not do enough to protect and promote policies surrounding these issues.²⁹⁵ Under the GSP Colombia and Peru had to effectively implement legislation in accordance with the 27 international conventions established by the EU. The FTA did not have as strong measures as the GSP, and many saw the FTA as a step back in terms of rights protection and promoting EU values.²⁹⁶ Environmentalists took issue with the sustainability chapter as it is not subjected to the FTA's dispute mechanism, thus sanctions, temporary withdrawals or the potential suspension of the agreement cannot be used to combat breach of contract.²⁹⁷ In response to the FTA, over 200 Andean and European organisations pleaded for the discussions surrounding the FTA to be suspended until these core issues could be examined.²⁹⁸

The EU was heavily criticized during this time for entering into an agreement with Colombia. As discussed in Chapter 2 Colombia has a long history of human rights abuse, made worse by the fact that much of the abuse has occurred at the hands of the Colombian government. Prior attempts for FTA's to be implemented with Colombia had been blocked because of human rights abuse.²⁹⁹ For example, Norway when they refused ratification of a trade agreement between Colombia and the EFTA.³⁰⁰ Later in 2010, a bilateral investment treaty between Colombia and the Belgium-Luxembourg Economic Union was blocked by the Flemish Community as Colombia refused to accept a social clause in the treaty.³⁰¹ The EU hopes to

²⁸⁹ Ibid

²⁹⁰ Ibid

²⁹¹ Ibid 14

²⁹² Ibid

²⁹³ Ibid

²⁹⁴ Ibid

²⁹⁵ Ibid

²⁹⁶ Ibid

²⁹⁷ Ibid

²⁹⁸ Ibid 20

²⁹⁹ Ibid

³⁰⁰ Ibid

³⁰¹ Ibid

present itself as the moral compass of the world and yet it still is willing to enter into negotiations with a country that has been rejected by other human rights defending nations.

6.4 Contents and Themes of the FTA

The Eu-Colombia/Peru FTA represented a fundamental change in the relationships between these two regions. The agreement aimed to open markets “for goods, services, government procurement and investment”³⁰² via the elimination or substantial reduction of tariffs (including sanitary and phytosanitary measures and technical barriers to trade) and by establishing stable trade conditions favourable to both regions protected by trade rules which go beyond those outlined and required by the WTO.³⁰³ Additionally, it was designed to act as an anchor for Colombia’s and Peru’s own development agendas, and to promote the protection of human, labour, and environmental rights.³⁰⁴ There are five main objectives of the FTA:

*“(a) the progressive and gradual liberalisation of trade of goods, services, and capital; (b) to increase the investment flows among the parties on the basis of the principle of non-discrimination; (c) effective and reciprocal opening of government procurement markets of the parties; (d) to promote cooperation for dispute settlement mechanisms among the parties; and (e) to promote international trade in a way that contributes to the objective of sustainable development”*³⁰⁵

To achieve such objectives, CSOs were to be included to monitor the agreement.³⁰⁶ Furthermore, Colombia and Peru were to be granted a longer transition period so their markets would have time to adapt to the immense regulation changes and liberalisation brought upon by the FTA.³⁰⁷ Barriers would be eliminated gradually and there were measures implemented to safeguard vulnerable domestic industries.³⁰⁸ It is worth noting that unlike the EU-Central American Association Agreement there are no provisions for political dialogue, demonstrating that this FTA is economically focused.³⁰⁹

All Andean countries partnered in the FTA are considered to be ‘mega biodiverse’ countries thus it was vital for the FTA to recognise the importance of sustainable development. Under Title IX Trade and Sustainable Development Art. 286, done in the normal scope of EU cooperation activities, a framework was established for the cooperation to protect labour and environmental rights and preservation; the articles cover areas such as biological diversity, climate change, and fisheries management etc.³¹⁰ Under this Title obligations are also

³⁰² “Trade Agreement between the EU and Colombia & Peru,” European Commission, 2012, 24 <https://doi.org/doi:10.2781/42195>.

³⁰³ Ibid

³⁰⁴ Ibid

³⁰⁵ Joan Miguel Tejedor-Estupiñán, “Economic Impacts of the Free Trade Agreement Between the European Union and Colombia” (dissertation, Corvinus University of Budapest, 2022). 97

³⁰⁶ Ibid 71

³⁰⁷ Ibid 69

³⁰⁸ Ibid 61

³⁰⁹ Christopher Stevens et al., “European Union: ‘Trade Agreement’ With Colombia And Peru,” Directorate-General For External Policies Of The Union Directorate B Policy department, March 20, 2012: 47

³¹⁰ Ibid

discussed, such obligations would be binding under the agreement, yet such obligations are rather standard across most FTAs and few additional ones have been included despite the heightened needs of the delicate and important ecosystems within these countries.³¹¹ Additionally, the “agreement contains only the most limited references to corporate social responsibility”³¹², nor does it mention indigenous rights and under Title IX it is established that members may “decide their own levels of environmental and employment protections, and to determine when and how to implement higher protection standards”.³¹³

Labour rights are also included in Sustainable Development. The agreement states its commitment to improving workers’ rights such as the “abolition of child labour, elimination of forced labour, non-discrimination in employment, freedom of association, occupational health and safety and working conditions”.³¹⁴ All regulations are aligned with the ILO’s Fundamental Conventions and describe the stages of implementation and the role of involved actors.³¹⁵ Two instruments are included to allow for civil society groups DAG and CSO to monitor the implementation of all provisions³¹⁶ alongside a joint Subcommittee on Trade and Sustainable Development.³¹⁷ If these groups are in disagreement on whether there has been a failure to comply with these provisions, a Group of Experts has the power to examine the situation.³¹⁸

The protection of IPR seems to be of the utmost importance for the FTA. The FTA reaffirms all parties’ guarantee of the TRIPS agreement, CBD and relevant copyright and patent treaties such as the Berne and Rome Convention, WIPO, and the Budapest Treaty.³¹⁹ The agreement aims to ensure effective protection of “intellectual, industrial and commercial property rights – including in an area of key interest to many small and medium-sized EU producers”.³²⁰ For IPRs the FTA established the following

“a) copyright, including copyright in computer programmes and in databases; (b) rights related to copyright; (c) patent rights; (d) trademarks; (e) trade names in so far as these are protected as exclusive property rights in the domestic law concerned; (f) designs; (g) layout-designs (topographies) of integrated circuits; (h) geographical indications; (i) plant varieties; and (j) protection of undisclosed information”³²¹

³¹¹ Ibid 48

³¹² Ibid 51

³¹³ Joan Miguel Tejedor-Estupiñán, “Economic Impacts of the Free Trade Agreement Between the European Union and Colombia” (dissertation, Corvinus University of Budapest, 2022). 76

³¹⁴ Ibid

³¹⁵ Ibid

³¹⁶ Ibid

³¹⁷ Ibid 77

³¹⁸ Ibid

³¹⁹ Christopher Stevens et al., “European Union: ‘Trade Agreement’ With Colombia And Peru,” *Directorate-General For External Policies Of The Union Directorate B Policy department*, March 20, 2012, 43

³²⁰ “Trade Agreement between the EU and Colombia & Peru,” *European Commission*, 2012, 7 <https://doi.org/doi:10.2781/42195>.

³²¹ Joan Miguel Tejedor-Estupiñán, “Economic Impacts of the Free Trade Agreement Between the European Union and Colombia” (dissertation, Corvinus University of Budapest, 2022). 75

The FTA also establishes the means for partners to defend these rights with the aid of civil, administrative, and border enforcement measures.³²² At the same time, the agreement is designed to create a balance between “guaranteeing adequate incentives for investment in research and innovation and respecting wider social objectives as well as public welfare concerns”.³²³ An interesting addition to this section is with Art. 201:30 is the agreement for the protection of traditional knowledge and Art.201:6 which calls for cooperation “to ensure that intellectual property rights are supportive of and do not run counter to the rights of indigenous and local communities, but this is ‘subject to domestic legislation’”.³²⁴

6.5 Evaluation

There will be three main sections that will be examined to illustrate how the FTA has impacted trade between Colombia and the EU. Firstly, Colombian exports to the EU, then EU exports to Colombia and lastly FDI.

In the first year of its implementation (2013-2014) Colombian goods exports to the EU had already increased by 10.21% with exports to the EU then accounting for 15% of total goods exports and in Euro value translates to a rise of 8,292.7 million.³²⁵ In this year the largest Colombian exports to the EU were crude petrol and coal (74.46%), bananas (8.95%), and coffee (4.98%) furthermore the goods with the largest percentage rises were sugar and confectionary sugar (+205.04%), cocoa (+52.26%), fruit preparations (+39.18%), and tobacco (+14.10%).³²⁶ It is evident from this first year of the FTA that Colombia’s exports to the EU are largely natural resource and primary product-based with the largest sectors to grow falling into this realm. Manufactured goods on the other hand did not see significant increases in the percentage of exports³²⁷. It is worth noting that it is these types of products which were included in the TRQ established in the FTA.

In 2013 the largest Colombian exports to the EU were coal (73%), fruit (11%), and coffee (5%), comparing these numbers to the following year it is evident that the distribution of Colombia’s top exports did not change greatly.³²⁸ Fast forward to 2019 Colombia’s top exports to the EU were: fruit (26%), mineral fuels (22%), precious minerals (15%), and coffee (12%), here we see significant changes.³²⁹ While agricultural products such as coffee and fruit doubled in the total percentage of exports, mineral fuels, a core staple of Colombia’s economy, were

³²² Ibid

³²³ Ibid

³²⁴ Christopher Stevens et al., “European Union: ‘Trade Agreement’ With Colombia And Peru,” *Directorate-General For External Policies Of The Union Directorate B Policy department*, March 20, 2012, 44

[https://www.europarl.europa.eu/RegData/etudes/etudes/JOIN/2012/433865/EXPO-INTA_ET\(2012\)433865_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/etudes/JOIN/2012/433865/EXPO-INTA_ET(2012)433865_EN.pdf)

³²⁵ Maria J Garcia, “EU Trade Relations with Latin America: Results and Challenges in Implementing the EU-Colombia/Peru Trade Agreement,” *Policy Department, Directorate-General for External Policies*, February 22: 29 2016, [https://www.europarl.europa.eu/RegData/etudes/STUD/2016/534992/EXPO_STU\(2016\)534992_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2016/534992/EXPO_STU(2016)534992_EN.pdf)

³²⁶ Ibid

³²⁷ Ibid

³²⁸ Directorate-General for Trade, “Ex Post Evaluation of the Implementation of the Trade Agreement between the EU and Its Member States and Colombia, Peru and Ecuador” (Luxembourg: European Commission, 2021), 14 https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159719.pdf.

³²⁹ Ibid 10

reduced to only 30% of their 2013 levels.³³⁰ It is important to note, that the sudden drop in the value of mineral fuel exports does not necessarily mean a large drop in actual exports, as after 2014 the global oil crash led to prices falling drastically.³³¹ Products which experienced the greatest percentage of export growth were precious minerals (an average annual increase of 35.2%), animal and plant oils (23.3% in total but growth has stagnated since 2017), and sugar and sugar confections (19.9%).³³² In addition to coal, products which have experienced degrowth in value of exports are iron and steel (-21.5% annually), raw hides and skins (-12.8%) preparations of meat and fish (-4.3%) and finally, fish and crustaceans (-1.4%).³³³ It is important to note that Colombia experienced a global decrease in trade between 2019 and 2020 as they were heavily impacted by the COVID-19 pandemic and the falling oil prices associated with it.

In 2020 the EU accounted for 16% of Colombia's total world exports, with only a small group of countries accounting for 77% of all Colombian-EU trade.³³⁴ The main EU markets to trade with Colombia were Germany (26.2%), Spain (12.7%), France (15.3%), Italy (10.8%), and the United Kingdom (7%).³³⁵ Between 2019 and 2020, due to the global pandemic, trade between the EU and Colombia dropped, and most countries' import percentages decreased. There were a few exceptions where import percentages increased Austria (an increase of 302%), Italy (20.5%), and Spain (2.34%).³³⁶

Prior to the implementation of the FTA and until 2016 the EU experienced a trade deficit with Colombia, since then they have had a quickly rising surplus.³³⁷ In 2012 the EU had a trade deficit of 3 billion euros and by 2019 it had a trade surplus of 2 billion euros, once again this can be attributed to the drop in the price of oil and coal which were core trade exports for Colombia.³³⁸ If coal and oil were excluded from trade calculations prior to 2012, the EU would have had a stable surplus of 0.6 billion euros in 2007, which increased to 4 billion euros by 2014 and to 2.9 billion euros in 2019.³³⁹ Despite Peru and Ecuador both being able to increase export percentages more than import percentages from the EU, for Colombia, it was the opposite.³⁴⁰ EU exports to Colombia increased by 26.3% yet Colombian exports to the EU only increased by 3.9%.³⁴¹ The value of goods imported to Colombia increased by 77%, and experienced growth

³³⁰ Ibid

³³¹ Ibid

³³² Ibid 14

³³³ Ibid 15

³³⁴ Ibid

³³⁵ Joan Miguel Tejedor-Estupiñán, "Economic Impacts of the Free Trade Agreement Between the European Union and Colombia" (dissertation, Corvinus University of Budapest, 2022). 106

³³⁶ "Colombia (COL) Exports, Imports, and Trade Partners." OEC. Accessed June 8, 2022.

<https://oec.world/en/profile/country/col?compareExports0=comparisonOption1&depthSelector1=HS4Depth∓flowSelector1=flow1&tradeScaleSelector1=tradeScale2&yearSelector1=exportGrowthYear26&earlyTradeFlowSelector=flow1>

³³⁷ Directorate-General for Trade, "Ex Post Evaluation of the Implementation of the Trade Agreement between the EU and Its Member States and Colombia, Peru and Ecuador" (Luxembourg: European Commission, 2021), 11 https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159719.pdf.

³³⁸ Ibid 12

³³⁹ Ibid

³⁴⁰ Ibid

³⁴¹ Ibid

every year since the implementation of the FTA except for 2016 when the EU experienced a drop of 17% and then from 2019 to 2020 in the wake of the global pandemic.³⁴² From 2019 to 2020 all major EU trade partners with Colombia experienced a decrease in trade.³⁴³

The European Parliamentary Research Service believes that “the decline in bilateral trade between the EU and Colombia is related to the decline in bilateral trade between Colombia and the rest of the world, this is a result of the lack of competitiveness and productivity and other structural failures of the Colombian economy and society”³⁴⁴ and that the slow economic growth present throughout all LATAM plays a large role in the declining EU-Colombia trade values.³⁴⁵ In 2020 EU exports to Colombia accounted for only 0.1% of total EU exports whilst accounting for 14% of all Colombian imports.³⁴⁶

Unlike with the trade of goods, the EU has always experienced a trade surplus with Colombia for the trade of services.³⁴⁷ The Trade of services has been growing steadily between Colombia and the EU, both since the FTA was implemented, and in the years prior to the agreement when negotiations and discussions first began.³⁴⁸ Whilst Colombia experienced a decrease in the importation of services globally from 2016 (11.5%) it has had a steady bilateral trade with the EU.³⁴⁹ In 2012 it is estimated that trade in services between the partners was worth 4,299 million euros, by 2019 it had increased to 5,958 million euros.

Within the EU eight countries account for roughly 82% of exports to Colombia.³⁵⁰ Since the implementation of the FTA the countries which have experienced the highest percentage share of exports are Spain and the Netherlands, whilst Germany and Italy are the top exporters to Colombia they have experienced a decrease in export value of two and three per cent from 2012-2020.³⁵¹ The EU exports which experienced the highest growth under the FTA are vehicles (+122%), electronics (+49%), and machinery (+39%). Certain EU agricultural products are also believed to have increased with the agreement.³⁵² Whilst Colombian exports to the EU are

³⁴² Joan Miguel Tejedor-Estupiñán, “Economic Impacts of the Free Trade Agreement Between the European Union and Colombia” (dissertation, Corvinus University of Budapest, 2022). 106

³⁴³ “Colombia (COL) Exports, Imports, and Trade Partners.” OEC. Accessed June 8, 2022.

<https://oec.world/en/profile/country/col?compareExports0=comparisonOption1&depthSelector1=HS4Depth&flowSelector1=flow1&tradeScaleSelector1=tradeScale2&yearSelector1=exportGrowthYear26&earlyTradeFlowSelector=flow1>

³⁴⁴ Joan Miguel Tejedor-Estupiñán, “Economic Impacts of the Free Trade Agreement Between the European Union and Colombia” (dissertation, Corvinus University of Budapest, 2022). 104

³⁴⁵ Ibid 109

³⁴⁶ Ibid

³⁴⁷ Ibid 110

³⁴⁸ Ibid

³⁴⁹ Ibid

³⁵⁰ Ibid 106

³⁵¹ Ibid

³⁵² Directorate-General for Trade, “Ex Post Evaluation of the Implementation of the Trade Agreement between the EU and Its Member States and Colombia, Peru and Ecuador” (Luxembourg: European Commission, 2021), 20 https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159719.pdf.

comprised of mainly primary products with low aggregate value, the EU exports to Colombia are manufactured goods of significantly higher value.³⁵³

Prior to the FTA Colombia was the main receiver of EU FDI In CAN but now it often competes with Peru for the number one spot, Ecuador is routinely the partner country which receives the least FDI.³⁵⁴ In 2017 UNCTAD listed Colombia as one of the top 25 FDI destinations.³⁵⁵ Prior to the FTA, EU FDI to Colombia was quite unsteady, in 2005 Colombia received 5,691 million USD whilst in 2011 they only received 3,851 million USD.³⁵⁶ Since the FTA came into effect FDI has been rising steadily, and between 2011 and 2016 the EU invested 29.9 billion USD, with 4.7 billion USD in 2016 alone.³⁵⁷ According to Colombia's Banco de la República the EU is responsible for 34% of all FDI in Colombia.³⁵⁸ From 2013 until 2018 there were EU investment projects, this investment was mainly concentrated in the services sector, towards companies, software, IT and finance.³⁵⁹ A majority of investment projects were in the capital Bogota. Prior to the 2014 oil crash the majority of foreign investment went towards the oil and mining sector, but that has since been replaced by the financial sector.³⁶⁰ In comparison, Asian FDI has been focused on the business services, chemicals and communications sectors and Colombia received 737 million USD between 2011 and 2016.³⁶¹

Spain is the top investor of Colombia within the EU. In 2020 Spain was responsible for 11.3% of Colombia's total FDI with a value of 24.16 million USD.³⁶² Prior to Brexit the UK was routinely the EU's second-largest investor in Colombia, in 2020 the UK was responsible for 10.7% of total FDI to Colombia with a value of 22.8 million USD.³⁶³ The next largest EU investor in 2020 was the Netherlands (2.9%) and then France (1.6%).³⁶⁴ In 2020 there was a sharp decline in FDI in

³⁵³ Joan Miguel Tejedor-Estupiñán, "Economic Impacts of the Free Trade Agreement Between the European Union and Colombia" (dissertation, Corvinus University of Budapest, 2022).109

³⁵⁴ Directorate-General for Trade, "Ex Post Evaluation of the Implementation of the Trade Agreement between the EU and Its Member States and Colombia, Peru and Ecuador" (Luxembourg: European Commission, 2021), 40 https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159719.pdf.

³⁵⁵ "An Overview of Foreign Direct Investment in Colombia," Invest in Colombia, accessed June 12, 2022, <https://investincolombia.com.co/en/articles-and-assets/articles/an-overview-of-foreign-direct-investment-in-colombia#:~:text=Colombia's%20Banco%20de%20la%20Rep%C3%ABlica,of%20that%20was%20in%202016>.

³⁵⁶ Directorate-General for Trade, "Ex Post Evaluation of the Implementation of the Trade Agreement between the EU and Its Member States and Colombia, Peru and Ecuador" (Luxembourg: European Commission, 2021), 41 https://trade.ec.europa.eu/doclib/docs/2021/july/tradoc_159719.pdf

³⁵⁷ "An Overview of Foreign Direct Investment in Colombia," Invest in Colombia, accessed June 12, 2022, <https://investincolombia.com.co/en/articles-and-assets/articles/an-overview-of-foreign-direct-investment-in-colombia#:~:text=Colombia's%20Banco%20de%20la%20Rep%C3%ABlica,of%20that%20was%20in%202016>.

³⁵⁸ Ibid

³⁵⁹ Ibid

³⁶⁰ Colombia reports, "Foreign Direct Investment (FDI): Colombia Reports," Colombia News | Colombia Reports, April 11, 2021, <https://colombiareports.com/colombia-fdi-statistics/>.

³⁶¹ "An Overview of Foreign Direct Investment in Colombia," Invest in Colombia, accessed June 12, 2022, <https://investincolombia.com.co/en/articles-and-assets/articles/an-overview-of-foreign-direct-investment-in-colombia#:~:text=Colombia's%20Banco%20de%20la%20Rep%C3%ABlica,of%20that%20was%20in%202016>.

³⁶² Colombia reports, "Foreign Direct Investment (FDI): Colombia Reports," Colombia News | Colombia Reports, April 11, 2021, <https://colombiareports.com/colombia-fdi-statistics/>.

³⁶³ Ibid

³⁶⁴ Ibid

Colombia but this also occurred at the global level due to the pandemic, FDI levels are expected to rise again.³⁶⁵

6.6 Current Criticism

There has been a fair deal of criticism towards an FTA between the EU and Colombia/Peru/Ecuador even before negotiations and discussions commenced. In a previous section, this paper discussed the critiques present at the time of negotiations when a copy of the FTA was leaked. This section will now look at the criticism of the FTA after a near-decade of its implementation. First, this section will discuss the issues with the FTA itself and then look at the issues that have come into play from the FTA.

One of the main issues surrounding the FTA is based on its wording, the language used in the agreement is quite general, abstract, and imprecise.³⁶⁶ Because of this many of the provisions within the agreement are not legally enforceable, especially for the social provisions.³⁶⁷ Because of the vague nature of the provisions creating concrete goals and results for social provisions has proven difficult.³⁶⁸ The labour provisions are mainly established within the Trade and Sustainable Development chapters, from this the Sub-committee for Trade and Sustainable Development is responsible for reviewing the implementation and progress of labour and environmental provisions but there is no sub-committee dedicated to human rights.³⁶⁹ This leaves a large unregulated gap for issues to arise. The EU argues that it was the "signing parties" responsibility to monitor compliance with labour provisions. Thus, the EU has no obligation to monitor the internal development linked to labour protection in Colombia³⁷⁰, and Colombia is thus in charge of making sure that labour provisions are being implemented.

Both the EU and Colombia have legal issues with the FTA. The EU is very sceptical of the quality of reviews that are conducted by Colombia and argue that there are not enough monitoring and enforcement mechanisms in place which reduces the sustainability aspect of the agreement to "nothing more than a chapter with generalized concepts".³⁷¹ The EU has eight main issues concerning the implementation of the Trade and Sustainable Development chapters; issues include concern over the limited role of the EU in the implementation of provisions for this chapter;³⁷² that trade partners have little interest in improving labour issues;³⁷³ the CSOs are not independent of the Colombian government and are not adequately funded;³⁷⁴ there is no framework to establish responsibility for EU institutions to address issues amongst EU

³⁶⁵ "Foreign Direct Investment, Net Inflows (% of GDP) - Colombia," Data, accessed June 12, 2022, <https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?locations=CO>.

³⁶⁶ Joan Miguel Tejedor-Estupiñán, "Economic Impacts of the Free Trade Agreement Between the European Union and Colombia" (dissertation, Corvinus University of Budapest, 2022) 96

³⁶⁷ Ibid

³⁶⁸ Ibid

³⁶⁹ Ibid 99

³⁷⁰ Ibid 101

³⁷¹ Ibid

³⁷² Ibid

³⁷³ Ibid

³⁷⁴ Ibid

partners;³⁷⁵ insufficient dispute resolution mechanisms;³⁷⁶ there is no common formulation approach to Trade and Sustainable Development chapters;³⁷⁷ a general lack of resources for monitoring provisions;³⁷⁸ “more powerful nations have their own agenda regarding labour standards”³⁷⁹; finally, “there are limited efforts to strength labour provisions more than trade relationship among trade partners”.³⁸⁰

For Colombia, one of the main issues is the lack of clarity in regards to the mechanisms which deal with cases of labour violations within the CSOs implemented with the FTA.³⁸¹ In a sub-committee meeting in 2014 in Lima, interviewees stated that the CSOs were underfunded and lacked critical resources which made them unusable.³⁸² Furthermore, the lack of communication channels between the Colombian Ministry and Labour and the equivalent EU institutions proved to be a large concern for those involved.³⁸³ This was made worse by the fact that there was an apparent lack of experienced Colombian corporations and institutions involved in the monitoring of these labour protection mechanisms.³⁸⁴

The economic implications of the FTA have proven to be deserving of criticism. Though the FTA has stated its dedication to promoting economic diversification and sustainable development, it is apparent that the FTA has been unsuccessful in this regard. According to the Colombian Ministry of Trade, Industry, and Tourism, primary products still account for 90% of Colombia’s total exports to the EU.³⁸⁵ Furthermore, manufacturing sectors in Colombia have actually been harmed by the FTA and have seen a large reduction in their exports to the EU; the largest hit sectors are textiles (-60%), footwear (-50%), and clothing (-20%).³⁸⁶ This can be attributed to the increased competition these industries now face as they must now compete with European businesses that have a much larger economy of scale.³⁸⁷

Agricultural products are amongst exports which have increased the most under the FTA, though they are not as ecologically damaging as extractive industries they do not offer a sustainable development path. Between 2012 and 2015 the exportation of sugar to the EU grew by 154%, but this and the FTA have not led to better working opportunities or conditions.³⁸⁸ To keep up with demand and global competition sugar production in Colombia has become more

³⁷⁵ Ibid 103

³⁷⁶ Ibid

³⁷⁷ Ibid

³⁷⁸ Ibid 101

³⁷⁹ Ibid 103

³⁸⁰ Ibid

³⁸¹ Ibid 102

³⁸² Ibid 101

³⁸³ Ibid

³⁸⁴ Ibid

³⁸⁵ Lyda Fernand Forero, “Repercussions In Colombia Of The Free Trade agreement With Three Years Of Implementation. The European Union After” (The Transnational Institute & The International Office on Human Rights), accessed June 12, 2022, 4
https://www.tni.org/files/publication-downloads/ue-colombia_ftaen.pdf.

³⁸⁶ Ibid

³⁸⁷ Ibid

³⁸⁸ Ibid 5

industrialised, opting for machinery over labourers and thus the employability of the industry has decreased greatly.³⁸⁹ Other farm product exports have risen by 22% whilst at the same time agricultural imports have risen 102%, this has had a large impact on small and medium scale farms who cannot compete with the European industries.³⁹⁰ In 2016 there was a call for a national strike by farmers to protest the FTA and to call for a review of all current FTAs in effect.³⁹¹ The EU has heavily invested in Colombia's palm oil industry which is currently the largest in LATAM and the fourth largest globally.³⁹² The Netherlands was the largest EU importer of palm oil accounting for 24.3% of its global export.³⁹³ Palm oil has been criticized greatly for its negative environmental impact mainly deforestation. Additionally, palm oil as a sector employs few workers in comparison to other large agricultural sectors like bananas.³⁹⁴

In 2015 the EU was one of the top contributors to FDI in Colombia (31.4%) but conditions for FDI in Colombia are not very well regulated. This is especially true since the FTA promotes the deregulation and liberalisation of many economic sectors as a means to promote sustainable development. Because of the deregulation, it is difficult to monitor FDI entering the country and whether it is going towards industries that are aligned with the FTA's ideals.³⁹⁵ In 2012 a report by SOMO noted that money laundering and tax evasion could become an increasing problem within the scope of the FTA as there is no strong commitment to fighting these issues and suggests further that "certain articles in the agreement could in fact facilitate the practice".³⁹⁶

³⁸⁹ Ibid

³⁹⁰ Ibid 10

³⁹¹ Ibid

³⁹² Ibid

³⁹³ Ibid

³⁹⁴ Ibid

³⁹⁵ Ibid 9

³⁹⁶ Ibid 11

Chapter 7: Discussion

This paper argues that the current EU-Colombian FTA is not adequate for promoting sustainable development in Colombia and at the core of this issue is that there is little incentive or mechanisms in place that allows for economic diversification as traditional North-South roles of trade are reinforced throughout the agreement and are present in the current outcomes when we look at trade statistics. This paper also argues that though current efforts are lacking, the EU has the potential to become a more secure player in Colombia and all of LATAM and has the tools to promote sustainable development.

This chapter will first discuss why Colombia must diversify their economy and how the current FTA falls short in this regard. Secondly, it will address the importance of human rights in sustainable development and how the EU must do more to protect them. Finally, solutions will be offered as to how the EU may promote economic diversification in Colombia.

7.1 The Need for Economic Diversification

It is apparent that Colombia is in dire need of economic diversification. As demonstrated in Chapters one and two, their economy is extremely dependent on extractive industries and as a result, has suffered during these years of price fluctuation and felt the negative economic effects of the pandemic to an accelerated level. As oil prices fell globally it should become apparent that Colombia needs to diversify their economy based on industries that are less elastic and don't experience high price volatility. Yet as oil prices continue to rise with the 2022 Russia-Ukraine conflict they may now be led to a sense of false security and continue its neo-extractivist pathway.

As discussed in Chapter 3 there are copious issues which arise from an over-dependence on natural resources, yet Colombia attempts time and time again to develop via extractivist and neo-extractivist models of development. Prior to the 2014 oil crash former President Santos further established Colombia as a neo-extractivist state when he made oil and extractive industries a central aspect of the National Development Plan.³⁹⁷ Though neo-extractivism attempts to sell itself as an anti-colonial reclaiming of natural resource-based development, it does little to address the core issues surrounding natural resource dependency.³⁹⁸ It is quite evident that Colombia has fallen prey to both the Dutch disease and the resource curse, as it does not have the strong political institutions or strength in other industries to support it and keep industries balanced. According to Transparency International, in 2014 80% of Colombians viewed their government as corrupt and 93% of entrepreneurs believed that businesses paid bribes to the government.³⁹⁹ This shows how weak Colombia's institutions are and worse that the people do not have trust in its institutions. Time and time again the government has shown its

³⁹⁷ *Colombia Country Strategy Note*” Natural Resource Governance Institute (June 2015) 2
https://resourcegovernance.org/sites/default/files/documents/nrgi_colombia-strategy_20160629.pdf
https://resourcegovernance.org/sites/default/files/documents/nrgi_colombia-strategy_20160629.pdf

³⁹⁸ Dunia Mokrani, Miriam Lang, and Alberto Acosta, in *Beyond Development: Alternative Visions from Latin America* (Amsterdam: Transnational Institute: Fundación Rosa Luxemburg, 2013).63

³⁹⁹ Joel Gillin, “Understanding Colombia's Conflict: Weak, Corrupt State,” *Colombia News | Colombia Reports*, April 4, 2018, <https://colombiareports.com/amp/understanding-colombias-conflict-weak-corrupt-state-institutions/>.

deep institutionalised connections to organised crime, drug trafficking and guerilla groups.⁴⁰⁰ This mix of weak and corrupt institutions and dependency on extractive industries keep Colombia in a never-ending cycle of dependency and the inability to grow. Colombia does not have the institutions to implement better regulations and practices to be able to combat the resource curse and Dutch disease. Furthermore, stronger regulation alone does not fix the implicit issues surrounding natural resource dependency, economic diversification remains fundamental and thus Colombia is not able to effectively implement a neo-extractivist method of development.

As the world turns away from fossil fuels and other high carbon leakage industries it is even more president for Colombia to diversify. The EU and other greater developed regions are implementing new policies to fund and promote the turn away from such industries. With the EU's Fit for 55, we see the EU having the goal of reducing its net emission rates by 55% by 2030 and becoming carbon neutral by 2050, based on these goals the EU has launched a series of policies.⁴⁰¹ In order to meet these goals, the EU has stressed the importance of renewable energy sources which aim to cover a much larger share of energy used paired with a faster decline in total energy consumption. The EU is currently in the phasing-in period of its new Carbon Border Adjustment Mechanism, this seeks to minimise carbon leakage by equalising “the price of carbon between domestic products and imports and ensure that the EU's climate objectives are not undermined by production relocating to countries with less ambitious policies”⁴⁰². Foreign countries will now have to pay an additional fee for industries the EU considers to be top polluters. Luckily for Colombia, coal and unrefined oil are not included on this list, but refined oil is.⁴⁰³ Though refined oil it's a significantly smaller export for Colombia than unrefined oil, it still falls within the top five of its exports.⁴⁰⁴ As the world turns away from highly polluting industries and technology is developed within the renewable sector Colombia must make greater moves to become less dependent on oil before it is forced to.

It is evident from the trade statistics with the EU that the EU-Colombia FTA has done little to promote economic diversification. Though throughout the agreement it makes multiple mentions of diversification and has an entire section dedicated to sustainable development many of the main critiques of the FTA are based on the lack of diversification which has accompanied it. As discussed in the previous chapter the main sectors to have grown under the agreement are within the agricultural sector, yet this has done little in terms of improving the labour market, promoting smaller businesses or finding more environmentally sustainable sectors to develop

⁴⁰⁰ Ibid

⁴⁰¹ “EU Achieves 20-20-20 Climate Targets, 55 % Emissions Cut by 2030 Reachable with More Efforts and Policies,” European Environment Agency, October 26, 2021, <https://www.eea.europa.eu/highlights/eu-achieves-20-20-20#:~:text=The%20EU%20recently%20adopted%20a,34%20%25%20lower%20than%20in%201990.>

⁴⁰² “Carbon Border Adjustment Mechanism: Questions and Answers,” European Commission - European Commission, accessed June 12, 2022, https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3661.

⁴⁰³ Ibid

⁴⁰⁴ “Colombia (COL) Exports, Imports, and Trade Partners,” OEC, accessed June 8, 2022, <https://oec.world/en/profile/country/col?compareExports0=comparisonOption1&depthSelector1=HS4Depth&flowSelector1=flow1&tradeScaleSelector1=tradeScale2&yearSelector1=exportGrowthYear26&yearlyTradeFlowSelector=flow1>

upon.⁴⁰⁵ To make matter worse certain industries have been hurt by the FTA as they can not compete with the EU's much greater economy of scale.⁴⁰⁶ A country cannot be considered to have a strong diversified economy when 90% of its exports to its second-largest trade partner are primary products.⁴⁰⁷

The EU must do more to protect vulnerable industries within Colombia. The EU states that it is dedicated to promoting sustainable development, but it seems with the case of Colombia they are more talk than explicit action. From the FTA it is quite evident that above all else the EU values an economic partner with Colombia and sought a deal which highly favoured their own businesses within the country and their own economic interests.⁴⁰⁸ Though this is quite standard when negotiating deals, the EU should be more honest with its intentions and not attempt to portray itself as the moral compass of the world and a leader in sustainability. The EU needs to be stricter in controlling which industries its member states are allowed to invest in, so that member states do not contribute to industries which go against EU values. Dutch investment in the palm oil sector is a prime example of ways EU FDI may do more to deter sustainable development rather than aid it. Furthermore, the EU routinely releases annual reports which give a general review of the changes in trade and investment flows, but it is from a hard numbers perspective and does not evaluate how this then impacts Colombia's economy and the social, and environmental effects of these changes.⁴⁰⁹ As a driver of sustainable development, the EU understands that the economy is only one of three equal aspects of it and to just then report on hard numbers may be disingenuous.

7.2 Human Rights a Key Aspect of Sustainable Development

When discussing sustainable development, the two more obvious sectors of it are the economy and the environment. Sadly, society as a sector is often overlooked, but for true sustainable development, all three sectors must be considered equal. The major flaw the FTA has when it comes to the protection of human and labour rights is the lack of EU monitoring, as Colombia is placed in charge of such instruments. As discussed in Chapter 2, Colombia has a severe problem with human rights violations to the point where many countries are refusing to ratify agreements with them on grounds of such abuse.⁴¹⁰ Though the FTA does have some mechanisms in place to fix these issues it is quite apparent that they have not been overly successful.

⁴⁰⁵ Lyda Fernand Forero, "Repercussions In Colombia Of The Free Trade agreement With Three Years Of Implementation. The European Union After" (The Transnational Institute & The International Office on Human Rights), accessed June 12, 2022: 11

https://www.tni.org/files/publication-downloads/ue-colombia_ftaen.pdf.

⁴⁰⁶ Ibid

⁴⁰⁷ Ibid 4

⁴⁰⁸ Ibid 12

⁴⁰⁹ Ibid

⁴¹⁰ June S. Beittel "Colombia: Background and U.S. Relations, Analyst in Latin American Affairs" Congressional Research Service (14/11/2017): 7

As of 2020, Colombia is still the world's most dangerous country for unionists as 22 unionists were murdered from March 2020 to April 2021.⁴¹¹ One of the most shocking killings was that of 18-year-old Jayder Quintana who was murdered in front of his family, Quintana was an active member of the agricultural union FENSUAGRO and had previously met with the Justice for Colombia Peace Monitor and Irish and British parliamentarians.⁴¹² According to the ITUC, one of the main reasons as to why these brutal attacks continue to happen is because of the "government's failure to allocate necessary resources for thorough investigations"⁴¹³ and unionists are not offered protection and to make matters worse companies operating in Colombia actively cancel contracts and refuse to hire unionists as part of their anti-union strategies. Though the number of workers in Colombia protected by unions has increased slightly since the implementation of the FTA, only around 4-5% of Colombia's workforce is unionised.⁴¹⁴

It is irresponsible of the EU to delegate the monitoring of measures to Colombia a country which obviously does not have the funds, institutions or general capability to do so. As long as civil society groups do not have the resources or are held accountable such human and labour rights violations will continue to happen. The EU would be wise to implement their own monitoring system separate from the Colombian government to be able to accurately access human rights in Colombia.

7.3 Moving Forward

Economic diversification is not an easy or fast process, and it might prove difficult to diversify at the moment after years of low oil prices have decimated the country. As oil prices begin to grow Colombia should take this opportunity to use profits to develop new or emerging sectors.

A promising sector that the EU may aid greatly in establishing is digital development and digital transformation programmes. A digital revolution in LATAM can serve as a new industry whilst also progressing existing technology.⁴¹⁵ In 2018 the EU launched ELAC, which is a regional platform designed to promote and strengthen "digital policies, addressing technology challenges and the transition towards a knowledge-based society"⁴¹⁶ and this was to be done via twenty-three interdependent and complementary objectives. In 2022 the EU released their updated digitalisation plan which promotes the use of digital technologies as instruments for sustainable development⁴¹⁷. In the coming years the EU should work with Colombia to examine

⁴¹¹ "With 22 Murders, Colombia Is Again World's Deadliest Country for Trade Unionists," Justice for Colombia, August 9, 2021, <https://justiceforcolombia.org/news/with-22-murders-colombia-is-again-worlds-deadliest-country-for-trade-unionists/>.

⁴¹² Ibid

⁴¹³ Ibid

⁴¹⁴ Ibid

⁴¹⁵ Reinoso A Fairlie, "New Challenges for the European Union's Multiparty Trade Agreement with Peru, Colombia and Ecuador," Occasional Paper FC/EU-LAC, 2022,; 21

⁴¹⁶ "Digital Agenda For Latin America And The Caribbean," WSIS, accessed June 12, 2022, <https://www.itu.int/net4/wsis/archive/stocktaking/Project/Details?projectId=1514902881>.

⁴¹⁷ Economic Commission for Latin America and the Caribbean, "Digital Agenda for Latin America and the Caribbean (ELAC2022)," (eLAC2022) | Economic Commission for Latin America and the Caribbean (CEPAL, March 25, 2022), <https://www.cepal.org/en/projects/digital-agenda-latin-america-and-caribbean-elac2022>.

which sectors may benefit and have the potential for digitalisation with the goal to “strengthen the digital transformation of value chains and access to information and communication technologies”.⁴¹⁸

Establishing a circular economy in Colombia may also prove beneficial for sustainable development. There are three main goals of a circular economy, to eliminate waste and pollution, to circulate products and materials and finally regenerate nature.⁴¹⁹ A core aspect of a circular economy is renewable energy, as countries must turn away from extractive systems as they cannot go back into nature.⁴²⁰ Colombia in recent years has been delving more into renewable energies and according to the International Centre on Small Hydro Power, there is the potential for Colombia to achieve the same cost/KW of its current hydroelectric system with onshore wind and large-scale geothermal industries.⁴²¹ Colombia had hoped to achieve 6.5% of on-grid and 30% off-grid generation from renewable energy by 2020 yet there were no legislative policies to accompany these goals and thus they were not accomplished.⁴²²

Moving forward wind energy has the highest potential in Colombia for renewable energy, specifically in the region of La Guajira which hosts some of the highest wind speeds across LATAM.⁴²³ In the northern regions of the country, there would also be the possibility of large-scale solar farms. Because of the strong presence of the agricultural industry in Colombia biomass energy derived from organic waste has a strong possibility.⁴²⁴ There have been biomass projects throughout different regions in the country since 2011, with the proper investment and supervision these industries have the potential to grow and help reduce Colombia’s dependency on the extractive industries.⁴²⁵ The government has launched a series of funds and incentives to facilitate the growth of the renewables sector. Those who invest in renewable energy projects “obtain a 50 per cent annual deduction of taxable income for the first five years following an investment. Equipment and machinery are excluded from VAT and, if such equipment and machinery is imported, customs duties are exempt”.⁴²⁶ Despite this, the government has rather limited incentives and as of now, renewable energy cannot compete with hydrocarbons which are cheaper and easier to transport. With the EU’s Green Deal, we see a large focus on establishing a circular economy, thus it would be logical for the EU to help invest in renewable energy in Colombia. Under EU guidance and aid, the renewable energy sector could attempt to compete

⁴¹⁸ Reinoso A Fairlie, “New Challenges for the European Union’s Multiparty Trade Agreement with Peru, Colombia and Ecuador,” Occasional Paper FC/EU-LAC, 2022,; 21
https://www.fundacioncarolina.es/wp-content/uploads/2022/02/Especial_FC_EULAC_2_EN.pdf.

⁴¹⁹ “Circular Economy - Definition, Principles, Benefits and Barriers,” Youmatter, February 21, 2020,
<https://youmatter.world/en/definition/definitions-circular-economy-meaning-definition-benefits-barriers/>.

⁴²⁰ Ibid

⁴²¹ “Renewable Energy in Latin America: Colombia,” Global law firm | Norton Rose Fulbright, accessed June 11, 2022,<https://www.nortonrosefulbright.com/en/knowledge/publications/b09be352/renewable-energy-in-latin-america-colombia>.

⁴²² Ibid

⁴²³ Ibid

⁴²⁴ Ibid

⁴²⁵ Ibid

⁴²⁶ Ibid

with the extractive industries especially if oil prices are hit with another shock and prices once again go down.

Conclusion

In conclusion, Colombia is far from achieving sustainable development. Its long history of extractivism and neo-extractivism has made it vulnerable to issues such as the resource curse and the Dutch disease. Though in the past decade there has been a sharp drop in the value of crude oil exports, this does not necessarily mean that the country is any less dependent on these harmful industries as global oil prices have dropped exponentially. With the drop in oil prices, we have also seen a drop in Colombia's GDP over the past few years which has further been hit harder by the COVID-19 pandemic. Colombia's economy will not be able to survive another shock to the oil industry but will the volatile nature of the resource it is sadly bound to happen. This demonstrates the need for sustainable development which promotes economic diversification. If Colombia is able to diversify economically it will be far less affected by shocks to certain sectors of the economy and thus will be able to have a steadier stream of income allowing them to plan and implement social programmes, policies and development initiatives.

Colombia has a long history of partnership with the US. This friendship can be traced back to the Monroe Doctrine but came into its full force during the Cold War as the US saw Colombia as an ally to fight the growing threat of communism in the region. The friendship with the US has had a large effect on both Colombia's domestic and international policy. In regard to domestic policy, the US played a large role in the war on drugs, fighting guerilla groups within Colombia's internal conflict and heavily supported neoliberal models of development. Throughout the early 2000s when many LATAM countries elected left-wing governments in what is known as the Pink Tide, Colombia remained dedicated to the US and wished to stay in their sphere of influence. During this time, we see the country turn ever more towards extractive industries and though Colombia adopted a neo-extractivist form of handling these resources it has done little to combat corruption, environmental and human rights issues, and to aid in development. In terms of international policy, the close friendship Colombia has traditionally had with the US has hindered them from establishing strong connections with the other two major investors in the region China and the EU, though in recent years we see this changing.

At the beginning of the 21st century, we see Colombia begin to grow closer to the EU and during this time we see the EU become more involved in the ongoing internal conflict in Colombia which had plagued the country for close to three decades at that point. The EU's main role in the country was humanitarian aid; but in 2007 as the EU attempted to establish bi-regional agreements with LATAM, discussions began to take place to establish an association agreement between the EU and CAN. Though negotiations fell through for a bi-regional agreement an FTA was established between the EU and Colombia and Peru and a few years later Ecuador. This agreement aimed to promote sustainable development in these partnered countries and a central element of that was economic diversification.

The FTA has not lacked criticism from both regions. For the EU many partners were outraged that the EU would be willing to enter into discussions with a country known for extreme human rights abuse and violations. Many did not agree with the EU aligning themselves which went against so many of its values. There was also a great deal of backlash in Colombia as workers groups were worried that the FTA would mainly benefit EU corporations in Colombia and would perpetuate the classic dependency model of relationship in which the global south is the supplier of cheap primary products whilst the north creates and supplies industrial goods. Nearly a decade after its implementation Colombia has gone from having a strong trade surplus with the EU to have a growing deficit. The main industries to benefit from the FTA have been in the agricultural sector, whilst those in the manufacturing industry have been hindered by the agreement. The FTA has also fallen short of addressing human rights issues as the monitoring mechanisms in place are delegated by the Colombian government who lacks the resources, means and institutions to properly implement such measures.

Moving forward Colombia needs to find a way to strengthen its economy outside of the realm of primary products. Furthermore, for the social aspect of sustainable development, the EU needs to play a larger role in effectively implementing and monitoring obligations established under the chapter for sustainable development. As long as Colombia is the sole partner accountable for implementing and monitoring these obligations, these mechanisms will be ineffective and insufficient to promote meaningful change. Additionally, the EU needs to be more mindful and proactive in investing in sustainable industries within Colombia which promote economic diversification and a turn away from environmentally destructive industries. Promising sectors in which the EU may be more involved going forward are renewable energy and digitalisation. Moving forward the EU and Colombia must work together to achieve the goals outlined under the FTA and that must include institutionalized changes for both partners.

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