

Colombia: Securing A Prosperous Future Through Meaningful Integration

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Edited by Claudia Espinosa

Abstract

This paper assesses the origins and conditioning factors of Colombia's foreign policy stances and makes recommendations aimed at improving Colombia's regional credibility, securing peace and the rule of law, and promoting sustained economic growth. Colombia's principal foreign policies are analyzed through three distinct yet intertwined policy directives: economic, security, and diplomatic relations. Recommendations focus on continued multilateralism, regional cooperation on issues of mutual interest, trade liberalization, institutional strengthening, and a reoriented national security policy.

Introduction

With 42 million inhabitants, Colombia is the third most populous country in Latin America after Brazil and Mexico, and it is the sixth largest economy of the region trailing Chile. As a result of its factor endowment, topographical challenges, and unequal and exclusionary political system, Colombia's foreign policy focus has consistently addressed economic policies favoring the elites, military policies stressing internal security and regional cooperation, and diplomatic policies that place priority on maintaining positive relations with the United States and European Union before its neighbors. This paper assesses these general policy stances and makes policy recommendations aimed at improving Colombia's regional credibility, securing peace and the rule of law, and promoting sustained economic growth in the twenty-first century.

Colombia's political system finds itself emerging from two decades of crisis during which its judicial branch was burned to the ground by *Movimiento 19 de abril* (M-19) guerillas in the 1980s and the executive branch was implicated in a narco-funded presidential campaign under Ernesto Samper in the 1990s. Before Álvaro Uribe was elected president in 2001, Colombia's two-party system was being challenged by a growing "Alternative Way," with new and evolving leftist parties that drew their

support from the general discontent following Andrés Pastrana's failed peace attempt with the *Fuerzas Armadas Revolucionarias de Colombia* (Revolutionary Armed Forces of Colombia) (FARC, 1998-2001). Uribe, a former Liberal Party Senator, arose from this chaos and discontent, running on the campaign message, "Firm Hand, Big Heart." It is within this context that the *Uribista* movement began to change the political scene in Colombia, contributing to a new and reoriented foreign policy-making.

As with any nation, Colombia's history contributes to its current foreign policies. Colombia's major bilateral, regional, and global foreign policies can be separated into three distinct yet intertwined policy directives: economic, security, and diplomatic relations. These policies are influenced by domestic considerations, geopolitical concerns, and the desire to increase economic influence in the region.

Foreign Policymakers in Colombia

Colombia's foreign policy is largely concentrated under the chief executive and the agencies that serve the executive branch. Historically, the most important positions for domestic visibility after the Presidency have

been the Minister of Foreign Affairs²¹, the Minister of Defense²², and the Ambassador to the United States²³. Furthermore, Luis Alberto Moreno's service as President of the Inter-American Development Bank (IADB) has provided an additional lever for the Colombian government to push its agenda through multilateral institutions that directly impact regional foreign policy.

Since President Uribe's election in 2001, he has maintained a reputation as a high-energy "workaholic" devoted to serving his country. As a result of his training at Oxford and Harvard, Uribe is highly familiar with U.S. and European policy paradigms, and since his arrival to La Casa de Nariño in 2001, he has been a staunch ally of President Bush²⁴. His various policy stances stress open markets, attracting foreign direct investment (FDI), increasing Colombian exports to the world, attracting tourism, defeating the FARC, brokering peace with the AUC and ELN,²⁵ and deepening the presence of the Colombian state at the municipal level. One of Uribe's most significant successes beyond establishing the presence of the military throughout the majority of the country has been his ability to dramatically increase executive power and his personal presence within Colombia. This fact is exemplified by his weekly Communal Councils, a constitutional reform that allowed him to run for a second consecutive term, and the cult of personality that he has created—an affinity that has effectively ended the Colombian two-party establishment as it existed for the previous two centuries. Uribe is also well known for harshly denouncing his critics in the press, going so far as to call José Manuel Vivanco of Human Rights Watch (HRW) an agent of the FARC terrorists. Uribe is passionate about his beliefs, but is sometimes an authoritarian manager, unwilling to accept alternative perspectives.

Despite a relatively successful administration, President Uribe has still encountered his share of domestic challenges. Suspected linkages between Uribe's closest allies and paramilitaries, personalities behind the DMG pyramid scandal, and uncertainties surrounding his desire

²¹ Currently Jaime Bermudez.

²² Currently Juan Manuel Santos.

²³ Currently Carolina Barco.

²⁴ La Casa de Nariño is the equivalent of the White House in the United States. The two presidents met eleven times over the past seven years.

²⁵ The two groups, *Autodefensas Unidas de Colombia* (AUC) and *Ejército de Liberación Nacional* (ELN) are two paramilitary groups that operate within Colombia's borders.

to run for an unprecedented third consecutive term brought him under considerable criticism during the second half of 2008. Despite overseeing tremendous military successes against the FARC, including the bloodless rescue of Ingrid Betancourt and fourteen other hostages, President Uribe continues to face harsh criticism (*El País* 2008).²⁶ The significant changing of the guard in Washington may also affect Uribe's ability to deliver domestic political successes; although the U.S.-Colombian relationship will remain important, the Obama administration will clearly change the tone of this relationship. However, Uribe recognizes the importance of appeasing the private domestic actors who see the U.S.-Colombia Free Trade Agreement (CFTA) as important to their interests, and his administration has talked with current Senior Counselor for Inter-American Affairs, Dan Restrepo, on a number of occasions about maintaining a strong and mutually beneficial U.S.-Colombia relationship.

In the agencies that serve the executive branch, there are several officials that are key in shaping Colombia's foreign policy. The Minister of Defense currently holds considerably more clout than the Foreign Minister and moderately more than the current Ambassador to the United States. The current Minister of Defense, Juan Manuel Santos, is a descendent of the famous Santos family that owns most of the strongest media conglomerates in the country. His success as Defense Minister puts him on a short-list for potential presidential successors, as many see him as the best bet for policy continuity following the 2010 elections. The posts of Foreign Minister and Ambassador to the United States have become less important after Uribe botched an attempt to politically sell the idea that he would preside over a government of reconciliation by appointing former Presidents Samper and Pastrana as Ambassadors to France and the United States respectively in 2006. In addition, the position of Foreign Minister was tarnished by Uribe's decision to appoint Fernando Araujo to the position shortly after he escaped six years of FARC captivity in February 2007, only to have him resign in the midst of scandal fifteen months later. Adding to what some call the "political circus," Ingrid Betancourt, a dual

²⁶ According to *Datexco* polling Uribe maintains over 70% approval ratings despite numerous scandals in his cabinet, ties to the DMG scandal, inability to stem drug trafficking, and potentially changing the Constitution again to run for another term.

citizen of Colombia and France and former presidential candidate, emerged from FARC captivity this year only to start a very visible international campaign to cease kidnapping in Colombia and dialogue with the leftist governments of the region (*Agencia peruana* 2008).²⁷ These officials and key players deal with complex domestic and international politics when making decisions, and one must understand their positions and incentives to understand Colombia's foreign policy.

Colombia's rising "New Left" has increased its influence on Colombian foreign policy-making over the past decade through a combination of formal and extra-institutional means. The rising Left includes actors such as the coalition of leftist intellectuals and former M-19 guerillas associated with the *Polo Democrático Alternativo* (PDA), in addition to personalistic, independent leaders such as Antanas Mockus and Sergio Fajardo. Through formal means, the PDA has been more capable of winning important municipal posts, such as the mayorship of Bogotá, in order to more visibly criticize Uribe's policies like the CFTA and his emphasis on a militarily focused relationship with the United States. Current Mayor of Bogotá, Samuel Moreno Rojas, also of the PDA, has attended numerous conferences in the United States, making special efforts to meet with representatives of the World Bank and International Monetary Fund (IMF), to whom he has conveyed his desire to run for President in 2010. Mockus of Bogotá and Fajardo of Medellín are both idealistic and innovative former mayors who have brought widespread change to their municipalities. Both were at least partially educated in elite U.S. institutions and are leveraging international networks in order to position themselves for 2010 presidential bids.

The institutional constraints that the rising Left has been able to impose on the agenda of the President are limited, but through informal means, it has been successful in cultivating international leftist support for an anti-Uribe movement. Afro-Colombian Liberal Party

²⁷ Tour included meeting with Chávez, Uribe, Morales, Garcia, Bachelet, Lula, Kirchner and Madonna. Furthermore, following the scandal in which controversial General Mario Montoya – the same general who led the rescue operation that sprung Ingrid Betancourt and three US contractors – was appointed Ambassador to the Dominican Republic despite the fact that he faces "extrajudicial execution" charges. This shows that being part of Uribe's inner circle is more important than cleaning up the image of impunity in the military.

Senator Piedad Cordoba is an avid supporter of Hugo Chávez and has met on separate occasions with Cristina Kirchner, Evo Morales, Fernando Lugo, Mel Zelaya, and the Vice President of Cuba. However, her ardent support of Chávez got her into trouble with her own constituents after Chávez requested the FARC be removed from foreign terrorist designation in early 2008 (*Washington Times* 2008). Within the different degrees of left in Colombia, history has shown that being linked to the FARC is not acceptable (*Semana* 2008).²⁸ These decision makers have some direct influence over Colombian foreign policy, even when not expressly delegated such powers under the authority of their office, but they are more effective at lobbying international institutions than at imposing formal constraints on Uribe and his large Congressional coalition.

Colombian Foreign Policies: Background and Origins Economic Policies

A significant portion of Colombia's foreign policies originates from domestic economic concerns. Specifically, current Colombian foreign economic policies have been geared toward an opening of Colombian markets to regional and international trade, and attracting increasing amounts of foreign direct investment.

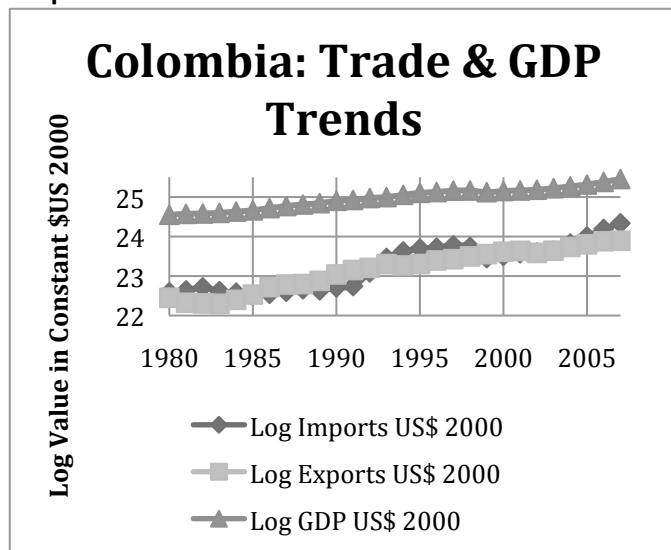
In the past 20 years, Colombia has experienced a significant change in economic policies. Until 1990, the Colombian economy was closed and highly regulated; it was not until the *apertura económica* (economic opening) policies under President Gaviria that significant trade liberalization began to occur. The *apertura* process was a five-year plan intended to internationalize Colombia's economy by eliminating ninety-seven percent of all import tax licenses and reducing tariff duties (*Business America* 1991). These policies came about partially as a result of the Coffee Crisis in 1989, which left the Colombian economy reeling. Since then, Colombia has continued to liberalize trade, an action that has contributed to the impressive growth of the Colombian economy in recent years.

²⁸ Following the assault on FARC commander Raúl Reyes in early March, computer files revealed links between FARC top brass and Chávez, Correa and some prominent left wing politicians in Colombia, including Senator Cordoba.

Trade and Growth Trends: Natural Log of Imports, Exports, and GDP

Despite these efforts, Colombia remains one of the most closed economies in Latin America, with average tariffs of 12.5 percent (*Bloomberg.com* 2008). In order to address this issue, Colombia is seeking a wider opening of its markets through regional and international trade agreements. Colombia is characterized as an export economy; in 2007, Colombia exported U.S. \$29.9 billion worth of goods. Colombia exports mostly petroleum, coal, coffee, and cut flowers. Its three largest export partners are the United States, Venezuela, and Ecuador, but there are also significant markets for Colombian goods in Germany, the Netherlands, and Japan. Also in 2007, Colombia imported U.S. \$32.8 billion in goods such as heavy machinery and equipment, transportation equipment, consumer goods, paper products, fuels, and electricity. Colombia’s three largest import partners are the United States, Brazil, and Mexico, but Colombia also imports products from China, Venezuela, and Japan (USDOS 2008). In addition, Colombia is a party to multilateral trade agreements such as the *Comunidad Andina* (Andean Community of Nations, CAN), the Group of Three (G3 – Colombia, Mexico, and Venezuela), and the World Trade Organization.

Graph 1



Source: World Development Indicators 2008, worldbank.org/data/

The above graph shows that trade has grown faster than GDP over the past two decades. While these growing trade relationships represent an important aspect of Colombian foreign policy, the CFTA is the most significant

example of the fact that Colombia has placed priority on increased economic integration. After the collapse of the U.S.-Andean Region FTA, Colombia continued to push for the CFTA, recognizing that a free trade agreement with the United States would promote economic growth in Colombia, while improving domestic democratic conditions and bolstering the country’s presence in the global economy. As mentioned above, the U.S. is Colombia’s largest trading partner in terms of both imports and exports. As of 2006, 26 percent of Colombia’s imports were of U.S. origin, and 40 percent of Colombian exports were received by the United States. Among the principal goods traded between the two countries, Colombia imports corn and machinery parts from the United States and exports petroleum, coal, coffee, and cut flowers (USDOS 2008).

Despite the value added through increasing trade with the United States, there are significant domestic constituencies in Colombia that oppose the CFTA, in particular Colombian agricultural interests (*San Francisco Chronicle* 2007). These agricultural industries have expressed their opposition to the CFTA by planting the idea that U.S. beef exports to Colombia are unsafe, and that they comprise portions of poor quality beef that are unsuitable for sale in the United States. More realistically, the fear is that U.S. subsidized crops will marginalize the Colombian agricultural industry. In other words, if U.S. subsidized agricultural goods are able to compete on a level playing field with Colombian goods in the Colombian market, some Colombian products will not be able to compete on price alone. In order to pool resources against the CFTA, several popular organizations, environmentalists, farmers, trade unions, and independent research centers have created an opposition coalition called the Colombian Action Network against free trade and the Free Trade Area of the Americas (FTAA or RECALCA in Spanish) (*Fightingftas.org* 2008). This loose coalition has found a willing audience with the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) and Democratic Congress members in the United States such as Linda Sánchez (D-CA), James McGovern (D-MA), and Charles Rangel (D-NY). These legislators will continue to lean heavily on other members of Congress to block or oppose the CFTA in spite of equally widespread support for the agreement.

For the most part, consumer retailers, exporters, and the Colombian government strongly support the CFTA as a pathway towards greater economic growth, international

prestige, and democratic stability. These three constituencies continue to push aggressively for the passage of the CFTA, and it appears that the majority of Colombians also support the agreement. According to a recent poll, 57 percent of respondents agree with the FTA between the United States and Colombia (*Gallup* 2008). Unfortunately, this large showing of domestic support has done little to push the CFTA past barriers in the U.S. Congress.

Other important examples of Colombia's policies towards economic integration include its continued lobbying for membership in the Asia-Pacific Economic Cooperation (APEC). Colombia has been seeking membership in APEC since 1995, but it has been blocked by the organization's moratorium on accepting new members. While the moratorium has been extended until 2010, Colombia's membership bid was backed by the United States, Peru, Russia, China, and Japan at the recent APEC meeting in Lima, Peru (*Xinhua* 2008). Membership in APEC would represent a considerable reduction in barriers to trade for Colombian businesses, specifically in Asian markets, as well as a significant voice for the country in the economic development of the Pacific Rim region.

In addition to working toward membership with APEC, Colombia is independently courting trade agreements with other Asian countries like China and Japan. While the CFTA remains a viable option both politically and economically, a continued delay in the signing of the agreement has motivated Colombian leadership to look to other partners for new agreements. Several days before the APEC Leaders Meeting, Colombia and China successfully concluded negotiations for a bilateral investment treaty, which will grant each country most favored nation status and increase levels of Chinese FDI in Colombia (*Bloomberg* 2008). Colombia has also reached agreements with Canada, Japan, and South Korea (*Xinhua* 2008).

Another significant portion of Uribe's economic strategy has been to pursue foreign direct investment (FDI), and his government has taken significant steps to encourage FDI in Colombia. In 2005, the Colombian Congress passed a law to protect foreign direct investors in Colombia, and the government has granted equal treatment between foreign and local investors. In October 2008, the Uribe government eliminated controls of FDI in fixed income securities in order to increase Colombian access to foreign capital and investment flows. In addition, other controls have been enacted to keep foreign investment

on the ground for at least one year. Currently, the United States is the largest source of FDI in Colombia, especially in the mining, manufacturing, and energy industries. Brazil and Spain also invest heavily in Colombia. In 2007, new FDI amounted to U.S. \$9 billion, more than triple the levels in 2002 (USDOS 2008). Besides direct economic benefits, sustained growth and increased FDI have had the positive externality of dramatically improving the Colombian security situation in recent years.

Security Policies

Colombia's security policy focuses on four overarching concerns regarding foreign policy: internal security and its relationship with the United States; border security and its relations with its neighbors; counter-terrorism and its transnational reach; and anti-narcotics policies. All of these policies intertwine to embody Colombia's international security policy platform.

Colombia's foreign policy relationship with the United States has its origins in the aligned geopolitical needs of both countries. Colombia is exposed on two coastlines, borders a historically bellicose Venezuela, and contains large swaths of its southern territory (bordering Brazil, Peru, and Ecuador) that are still not under the full control of the state. Recently, border spats with Ecuador and Venezuela have increased due to the Colombian government's pursuit of FARC guerillas who seek refuge in border towns in the two neighboring countries (Wasler 2008).²⁹ In other words, the Colombian state has never asserted legitimate monopoly of force in the Weberian sense. The United States has moved to address some of these security shortcomings based on its own geopolitical considerations, including Colombia's proximity to the Panama Canal; its strategic implications as a window to South America, Central America, and the Caribbean; and its commodity-rich exports to the United States. Over time, the security relationship between the United States and Colombia has evolved into one focused on counternarcotics, terrorism, and political stability, as these have become the most pressing issues between the two countries.³⁰

²⁹ March 2008 border spat between Ecuador, Venezuela and Colombia.

³⁰ This concept is built on in other works such as, for example Charles Tilly (1986) and Anthony Giddens (1987).

Relations with the U.S. government are paramount to the Colombian domestic security policy, dubbed “Peace and Democratic Security.” This policy’s main goal is to establish the presence of the Colombian government and security forces throughout the country in an effort to take back territory from rebel forces, particularly the FARC. A complimentary policy to the Democratic Security policy is the Law of Peace and Justice; legislation intended to incentivize a major demobilization of another foreign terrorist organization, the *Auto-Defensas Unidas de Colombia* (AUC). Significantly, the Democratic Security policy of the Uribe administration builds on a dialogue started under the Pastrana and Clinton administrations. This dialogue led to a comprehensive security/aid program dubbed “Plan Colombia.” Plan Colombia is a security package that has directed an average of U.S. \$735 million a year to the Colombian government in order to assist them in counter-narcotics operations and, post 9/11, in defeating the Marxist FARC guerrillas in the countryside.

Colombia’s internal armed conflict, often referred to as a civil war, dates back over sixty years to when the FARC and a number of other insurgent groups retreated to the countryside following the end of *La Violencia* to mount a Marxist-Leninist overthrow of the Colombian state. The ideological foundations of these groups, although subtly different from one another, were unified by their assertion that large swaths of Colombians were excluded from its two-party oligarchic democratic system and therefore had no other choice but to take up arms and revolt against the system. These ideologies soon faded as these groups turned to transnational organized crime to finance their revolution. Although the Colombian government has achieved tactical success against the FARC and the *Ejército de Liberación Nacional* (ELN), the guerrillas have fled to sparsely populated regions of the countryside and to border towns where jurisdictional responsibility is unclear. These events have led to heightened border tensions with Venezuela and Ecuador, especially after each country elected left-leaning presidents who have used Colombia and its close relationship with the United States as a rhetorical scapegoat.

Plan Colombia was originally limited to training, the provision of military equipment, administrative support, and contractors who eradicated opium and coca crops in Colombia’s jungles. However, post-9/11, Plan Colombia was expanded to aggressively pursue narco-terrorists with transnational links that were defined as a threat to

hemispheric security. After this date, the relationship between Colombia and the United States strengthened, with the United States becoming more committed to defeating the FARC and protecting oil and natural gas infrastructure from the ELN. Throughout the past eight years, the right-wing paramilitaries often referred to as the AUC have gotten off lightly and have often been suspected of having ties to military and public officials. In March 2008, the Colombian government’s offensive against the top brass of the FARC took them across the border into Ecuador, sparking a regional conflict that had Ecuador and Venezuela sending troops and tanks to their respective borders with Colombia (Wasler 2008). Colombia and Ecuador have yet to reestablish diplomatic relations, with both nations blaming the other for a lack of sincerity in the desire to reinstate ambassadors and repair damaged relations (*El Tiempo* 2008).

Diplomatic Policies

Closely related to the security issues that dictate significant portions of Colombia’s foreign policy are the country’s diplomatic relationships. While Colombia has broadened the scope of its diplomatic efforts to include the Asia Pacific region and the EU, regional relationships, specifically with Venezuela and Nicaragua, remain ambiguous. Furthermore, Colombian leadership has maintained regional clout by taking active leadership roles in regional multilateral organizations such as the Organization of American States (OAS) and the IADB.

The close relationship between President Bush and President Uribe contributed to extremely tight diplomatic relations between the United States and Colombia. Both Presidents were elected around the same time and worked closely to address the bilateral issues of shared interest. Additionally, major U.S. media outlets and a bipartisan contingent of high-profile politicians have strongly urged immediate passage of the CFTA. Looking forward, it is clear that the nature of relations between the United States and Colombia will change, but that the CFTA should still pass.

While Colombia’s diplomatic relationships with its North American allies have been largely positive, the nation’s ties to neighboring countries in South and Central America have been less favorable. Most visibly, Colombia has experienced ambiguous relations with Venezuela and the volatile President Chávez. Most of the incidents between Venezuela and Colombia are examples of executive-level baiting and name-calling, with both

Presidents posturing on the international stage and meddling with the domestic affairs of the other. A recent example of this was the forced expulsion of the Colombian consul, Carlos Galvis, from Maracaibo after he expressed private satisfaction with the opposition victories in the November 2008 national elections. Venezuelan authorities tapped a phone call between Galvis and another Colombian official, and the Chávez administration is now threatening to forcibly expel the consul if Colombia does not remove him from his post (*El Tiempo* 2008). Compounded with the threats issued by both leaders in regards to the FARC, diplomatic spats such as this one continue to stress diplomatic relations between Colombia and Venezuela.

Nicaragua, although a small Central American country, has also created its share of problems with the Colombian diplomatic community. An ongoing territorial dispute over San Andrés Island in the Caribbean remains a nuisance to establishing positive relations, and this issue has been compounded by a noticeable souring of relations between Nicaragua and Colombia under the tenure of Nicaraguan President Daniel Ortega. In the summer of 2008, Ortega gave FARC guerilla commanders refuge in Managua, going further than even Chávez has to publicly support the largely unpopular group of narco-terrorists (*Reuters* 2008). While Nicaragua is not an important trading partner for Colombia, these actions will continue to strain bilateral relations between the two countries, possibly contributing to ongoing destabilization in the region.

In the case of Venezuela, mutual dependence in the economic and security arenas have historically allowed continuing relations between Colombia and Venezuela, despite opposing political ideologies and drastically different visions of twenty-first century Latin America. Unfortunately, Colombian domestic security policies have resulted in destabilizing actions and rhetoric from the Chávez regime. For instance, Chávez has increasingly used trade freezes as a tool in bilateral relations to retaliate against perceived security infringements. In 2005, after Colombia allegedly paid bounty hunters to capture FARC leader Rodrigo Granda in Caracas, the Venezuelan government temporarily severed diplomatic and commercial relations with Colombia, costing Colombia about U.S. \$1.7 billion. Chávez has also bolstered the bargaining position of an Ortega-led Nicaragua, allowing Ortega the confidence to become a more antagonistic actor to Colombian interests in the region.

Despite these tense relationships with regional neighbors, Colombia has taken active leadership roles in multilateral institutions, often restructuring them to accommodate the diplomatic challenges of the twenty-first century. Former Colombian President Gaviria was the Secretary General of the OAS from 1994 to 2004. Under his leadership, the OAS formed new committees to deal with the changing face of Latin American diplomacy, and Colombia continues to participate in the organization. In fact, it hosted the thirty-eighth OAS General Assembly in Medellín in June 2008. Additionally, Colombian leadership has helped shape the IADB, with Colombian politician Luis Alberto Moreno heading the institution since 2005. Recently, Moreno expressed his desire to stay on for a second term and, in 2009, Colombia will host the annual IADB Board of Governors meeting.³¹

Strengths and Weaknesses of Current Colombian Policies and Recommendations for Improvement

Economic Policies

The criteria used for judging Colombia's foreign economic policies are grounded in whether or not trade liberalization and economic growth are being achieved. Using this rubric, Colombia's current policies are relatively strong for two reasons. First, it is apparent that Colombia is working towards economic integration. The country has signed a flurry of new trade agreements in the past several months with countries like Canada, China, Japan, South Korea, and Chile, and it is currently in negotiations with the European Union. These trade agreements will be vital to promoting Colombian economic growth and development in the future. Second, increased FDI has allowed Colombia to invest in energy and infrastructure development. Therefore, we can conclude that trade liberalization and economic growth are being achieved.

However, there are also weaknesses in these policies. While Colombia's multiple pending trade agreements do signal willingness to integrate, the economy remains relatively closed, with some of the highest tariffs in Latin America. Furthermore, Colombia remains an export economy reliant on commodities exports that are subject to price volatility, leaving the country vulnerable to

³¹ This is the fourth time that Colombia has hosted the annual IADB Board of Governors meeting.

external price shocks. Additionally, while the passage of the CFTA and other free trade agreements are a positive sign, free trade is not a panacea. Colombia continues to be one of the most unequal countries in the hemisphere, and economic growth must address marginalized populations in the countryside and in urban slums. Furthermore, the tension between the desire to attract FDI and the desire to maintain foreign exchange inflows from commodities exports have led to capital control policies that have sent confusing signals to some foreign investors.

Despite serious weaknesses, there are several strategies that can be implemented to improve Colombia's current foreign economic policies. First, increased economic integration must be complemented with domestic reforms. The Colombian government must work to decrease tariffs and implement reforms such as lower tax rates in order to increase competition and create more jobs. Uribe should also make an honest attempt to seal the CFTA with the new Obama administration. However, Colombian leadership should avoid spending too much political capital on having their Ambassador and upper-level ministers push for CFTA; instead, they should emphasize broadening the scope of the bilateral trade agenda to include other significant issues such as intellectual property rights, labor concerns, and the environment. The Uribe administration should continue diversifying trade partners, specifically with other Pacific Rim nations like China and Japan. However, when pushing for the CFTA, Colombian leadership would be wise to avoid using its new trade relationships with China and other countries as a policy "stick." It is important for Colombia to make the United States aware of the fact that it is looking in other directions, but it must also make it clear that the United States remains an important and longstanding regional ally.

In order to improve Colombian policies for increasing FDI flows, the Minister of Trade, Luis Guillermo Plata, must reassert the fact that Colombia is a welcoming and politically stable destination for FDI and business. The October 2008 removal of capital controls in fixed income securities should be maintained to stem the bottoming out of the Colombian peso amid the global financial crisis. Colombian leadership should also work to increase its spending in poverty and inequity reduction measures by investing more heavily in infrastructure and human capital. These goals should be approached with a combination of IADB loans, international aid to local non-governmental organizations (NGOs), and support for

successful corporate social responsibility (CSR) initiatives such as the *Asociación de Empresas de Servicios Públicos Domiciliarios y Actividades Complementarias e Inherentes* (ANDESCO) and the *Federación Nacional de cafeteros de Colombia* (FEDECAFE). Overall, Colombia should press forward and continue liberalizing the economy to increase the economic growth that has already occurred.

Security Policies

The strengths of Colombia's security policy are considered in light of its surrender of a degree of its national sovereignty to assert control and the rule of law over state territory. This decision has paid dividends to President Uribe and to the Colombian upper and middle class. Uribe carried a solid mandate into his second term and had a steady public approval rating of over seventy percent. In addition, U.S. military aid has allowed Colombia to modernize and professionalize its military, a change that will enable it to maintain long-term political stability and national security.

Despite this progress on the security front, many close to Uribe strongly oppose the transfer of the U.S. military base in Manta, Ecuador to the Palanquero Air Force Base in Puerto Salgar, Colombia on the grounds of national sovereignty. Despite achieving progress on security concerns, the close military relationship between Colombia and the United States has damaged Colombia's credibility with its neighbors on the grounds that it is beholden to U.S. interests. In addition, Colombia's counter-narcotics policy has done little to stem the flow of drugs, money, and weapons entering and leaving the country since the inception of Plan Colombia in 2000 (DEA 2008). These shortcomings are partly caused by the lack of thorough prosecution of paramilitaries known to have committed atrocities and to have overseen more than seventy-five percent of Colombia's illicit drug trade. These actions and contradictions make it clear that there will be continued tension between national sovereignty and the need to maintain a local U.S. presence for overhead surveillance missions against trafficking groups and the FARC.

Looking forward, Colombia should shift dialogue about its security policy from a U.S. military focused strategy to a regional security framework in which it leverages relatively positive military relations with Brazil, Peru, Panama, Mexico, and the Dominican Republic. Although an inter-governmental body addressing all security concerns is unlikely to be effective, joint-cooperation on

issues such as port security, border security, documentation of migrants fleeing civil conflict and poverty, drug trafficking, and transnational crime will improve relations among key countries in the region and will counterbalance the disruptive and destabilizing efforts of the Chávez government. Building consensus for this type of arrangement may begin with dialogue between G-3 countries and evolve into a regional agreement between trade partners and allies. Such a strategy will require the buy-in of major consuming and transit countries like Brazil, Mexico, the United States, and Central American and Caribbean nations. Given the historically low funding for this type of arrangement, one must emphasize the need for and value of increased information sharing, OAS oversight, and frequent diplomatic exchanges. Colombia can leverage good relations with the United States, Canada, Chile, Brazil, and Mexico to obtain U.S. Agency for International Development (USAID), U.S. Department of State (USDOS), and IADB funds channeled through the OAS Department of Multidimensional Security and the Office of International Threats. An expanded regional framework would address many security issues that continue to threaten Colombia and the surrounding region.

An additional recommendation for Colombian security policy is to deemphasize the role of the U.S. military in its domestic affairs by strongly advising against accepting a permanent U.S. military base in the Magdalena Medio region. Instead, Colombian leadership should permit the United States to use the existing Colombian base as a Cooperative Security Location, meaning that the base would have little to no permanent U.S. staff. This arrangement would leverage the U.S. presence and its military equipment in combating illegal armed combatants and tracking narcotics smugglers in the region without alarming those who strongly oppose increased U.S. military presence. Lastly, it is recommended that little direct communication occur at the executive level in the initial stages of mobilizing tacit support from Venezuela and Ecuador. Instead, Colombia should pursue a lower level dialogue between key commanders and generals in the countries of the region so as to smooth tensions and apply pressure from the operations level to key decision makers above.

Diplomatic Policies

Colombia has achieved relative success in the diplomatic arena. Maintaining strong bilateral relations with the United States will be essential to continued progress, so

Colombia should address U.S. Congressional and NGO concerns about human rights, labor, and environmental conditions in Colombia. While relations with Venezuela and other neighboring countries could be improved, it is important to note that despite strong rhetoric, Colombia is still doing business with Venezuela, and it is clear that the two countries have mutual economic interests. Additionally, at times Colombia has been able to achieve positive results from its positions with the OAS, IADB, and the United Nations. Therefore, despite border volatility with Ecuador and Venezuela in recent years, Colombia's diplomatic political standing has improved over the past decade.

However, despite these relative strengths, Colombia has serious weaknesses in its diplomatic policies. Since the Bush administration was ultimately viewed as a pariah on the world stage, Colombia's close ties with Bush became a liability for its diplomatic relations with other countries in Latin America. Although Bush's departure signals potential for better relations between some partners in the region (such as Brazil), rhetoric from Ecuador and Venezuela that casts Obama as a continuation of the status-quo of Bush policies in the Andes will make it difficult to find new spaces for dialogue in the region. Furthermore, there is an inherent weakness involved with continuing a relationship based on militarized policies now that the security situation is showing signs of improvement.

In terms of policies towards Venezuela, recent years have shown a movement away from rhetoric and towards actual instability. Colombia must recognize that Venezuela is an unreliable partner and that volatile actions on the part of President Chávez, such as freezing border trade, represent real costs to Colombian exporters. Additionally, the current polarization of hemispheric relations makes the OAS a less effective policy instrument because of the institutional need for a consensus vote. These weaknesses suggest several issues that new policies should address in improving diplomatic relations.

In order to improve Colombian relations with the United States, it is important to recognize that the bilateral relationship between the two countries will be different under President Obama than under President Bush. However, the Uribe government, specifically Ambassador Barco and Uribe himself, should court the new Obama administration while still pushing for the passage of the CFTA. Colombia should attempt to make inroads with

President Obama by appealing to cabinet members with strong ties to Latin America such as Secretary of State Hillary Clinton and current Senior Counselor to the United States Trade Representative, Peter Cowhey.

On the human rights front, Colombian leadership should create and aggressively pursue a plan of action to patch up relations with NGOs that have been following its unfortunate history of massacres and human rights abuses. This should be done by coordinating a visible reconciliatory event through which President Uribe, Carlos Franco, Luis Carlos Restrepo, Antanas Mokcus, and Ingrid Betancourt jointly address human rights progress and shortcomings in an honest and genuine way. Carlos Franco, Director of the Presidential Program of Human Rights in Colombia, should be sure to invite key stakeholders such as Jose Miguel Vivanco of Human Rights Watch (HRW); Javier Solana of the EU's foreign policy arm; Navanethem Pillay, the United Nations High Commissioner for Human Rights; Adam Isaacson of the Centre for International Policy; U.S. Congresspeople Rangel (D-NY), Sánchez (D-CA), and Pelosi (D-CA); AFL-CIO leader John Sweeney; and the Inter-American Commission on Human Rights from the OAS. This public event should be hosted by Carlos Franco in partnership with the Inter-American Commission on Human Rights and take place in Cartagena in mid 2009 in an effort to build off the momentum achieved at the Summit of the Americas.

To improve relations with Venezuela, Colombia should attempt to reframe bilateral relations within issues of mutual benefit, such as economic trade and energy integration. The proposal to ship Venezuelan energy via the Punto Ballenas pipeline through Colombian territory into Central America would be a good place to start. By allowing Chávez a symbolic victory on his desire to further penetrate Central America with Venezuelan energy, Uribe will gain the ability to extract protection for Colombian exporters shipped to Venezuela. An additional benefit of framing diplomatic relations within the previously mentioned issues is that it leaves hot button issues such as narcotics trafficking and the FARC at the less visible bureaucratic level. Furthermore, it is not useful for Uribe and his cabinet members to publicly demonize Chávez, as his aggression speaks for itself. Ultimately, Colombia must pragmatically balance its relationship with the great power of the United States while diversifying its other relationships as a way of recognizing the other powers of the world.

The election of a new U.S. president presents an opportune moment for Colombia to work toward increasing the relevance of multinational organizations. As President Obama has emphasized using multilateral organizations to meet diplomatic needs, it is possible that Colombia's continued emphasis on multilateral organizations as an important policy tool will meet greater enthusiasm from the new administration. Colombia should push for increased funding of the OAS and more cabinet-level summits. Potential coordinating bodies could be the Economic Commission for Latin America and the Caribbean (ECLAC) in partnership with the OAS and IADB.

Conclusion

Colombia finds itself in an interesting political and economic position in 2009. The country's most important economic partner and political ally is going through a political sea change, and it is difficult to predict how much U.S. policies towards Colombia in particular and Latin American in general will change in the coming years. While recent trade and investment treaties signed with its neighbors and Pacific Rim economies represent an important economic asset for Colombia, the current global financial crisis could negatively affect inflows of foreign direct investment, slowing needed infrastructure projects and decreasing vital spending on human capital. Furthermore, it appears that coffee is Colombia's only export commodity resistant to dropping prices. The Colombian economy overall, however, remains vulnerable to price volatility and external shocks. Political polarization continues to define hemispheric relations, and even as Colombia and Venezuela enter talks for a Central-South American energy grid and the South American Union, there is always the possibility of a flare up between the two ideologically opposed leaders. Security issues in Colombia continue to improve, but threats remain, the largest of which is the rule of law challenge created by continued drug trade and imperfect demobilization of paramilitaries. In the future, these challenges will continue to complicate Colombian economic, security, and diplomatic policies in the hemisphere and beyond.

Nonetheless, one must recognize that Colombia has the tools to meet these challenges. By leveraging a very established diplomatic core in Washington, Colombia will maintain strong relations with the United States during the Obama administration. FDI-friendly financial policies will help attract the investment needed to develop

Colombia's infrastructure and human capital, but these policies must do more to address abnormally high taxes and inconsistent capital control stances. The ongoing success of Colombia's Democratic Security policy still falls short in reducing the quantity of cocaine trafficked across the border. Thus, Colombia must continue to use the services and resources offered by Interpol and other inter-governmental organizations. The growing presence of the Colombian government over its national territory combined with the historical strength of governmental institutions bodes well for its democratic future. In order to maintain democratic credibility while pursuing the above-mentioned foreign policy objectives, Colombia's president must participate in a legitimate transfer of power, sending a message to his detractors that Colombia is still the democratic beacon in the Andes and an invested member of international multilateral organizations.

In spite of serious economic, security, and diplomatic challenges, Colombia has the opportunity to achieve a prosperous future through meaningful bilateral and multilateral integration. Colombia must continue to emphasize its commitment to trade liberalization by not implementing protectionist policies or defaulting on its foreign debt. The nation must also show that it is committed to stopping drug trafficking within its borders through continuing judicial and political reforms that will reduce impunity for drug traffickers and perpetrators of extra-judicial killings. Colombia should also continue counter-narcotics operations in cooperation with U.S. forces and regional partners. Finally, in order to maintain its diplomatic role in the international community, Colombia must continue to interact with regional and global multilateral organizations such as the OAS and the IADB. If implemented, these interrelated policy directives will ensure Colombia's security, economic, and diplomatic prosperity.

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