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# Colombia: Current and Future Political, Economic and Security Trends

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December 2006

Prepared for the Canadian Defence & Foreign Affairs Institute

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## Introduction

For some analysts Colombia is seen to be at a crossroads, with the capacity to move beyond more than thirty years of internal conflict and realize its potential, especially in the economic sector. This paper outlines the current political, economic and security situation in the country and explores some of the possible scenarios for the next five to ten year period.<sup>1</sup> The authors suggest that it is critically important to examine the ways in which the political and strategic environment has evolved over the past decade in order to understand the current situation and predict where the country will likely move in the near future.

Most analysts of Colombia concur that Colombia has not realized its economic potential in the past fifty years because of the internal conflict, a conflict that has its roots in both ideological differences as well as socio-economic inequalities, but which have been greatly exacerbated since the emergence of the narcotics industry in the 1970s. That internal conflict has defeated government after government in its effort to develop a broader vision of the role that Colombia could play in inter-American relations or economically to move into the developed world. Thirty years ago then-President Alfonso López Michelsen called on Colombians to make the country the Japan of Latin America. That has not happened, but many Colombian leaders continue to hold that dream.

Even with the extended internal conflict over the past half century Colombia has consistently maintained its reputation as a democratic nation with the transfer of power through democratic elections. Unlike in many other countries of Latin America the Colombian military has not and does not intervene in the political realm, and that fact alone will continue to reinforce Colombia's democratic political direction. As well, politically Colombia does not have the extremism of left and right that have plagued many Latin American countries.

Each section of the paper provides a detailed overview of the recent past and current trends and suggests the direction in which the country may develop.

## POLITICAL TRENDS

### Summary

The Colombian political situation is in a transitional phase. Much depends on the success or failure of the government of Alvaro Uribe Velez to move toward a resolution of both the FARC and ELN insurgency as well as to deal effectively with the highly problematic demobilization of the thousands of members of paramilitary groups in the country. Although there are a broad range of other issues with which the government must deal, from high levels of unemployment and underemployment, to addressing economic inequality, widespread corruption, improved health care, expanded educational opportunities and continued improvement in infrastructure, no issues are in fact more critical than the resolution of the internal conflict.

There are deep divisions in Colombian society over the way in which the resolution of the internal conflict should take place, from those who wish harsh treatment of both the paramilitary groups and the guerrilla insurgency to those who argue that "reinsertion" into the mainstream of Colombian society should be the primary goal. This is the difficult tightrope that President Uribe's government must walk. There is a basis for optimism in this area. President Uribe is now sufficiently confident of progress in the conflict with the guerrillas to declare a new phase in the government's approach, from Plan Patriota to Plan Victoria. He now speaks publicly of victory

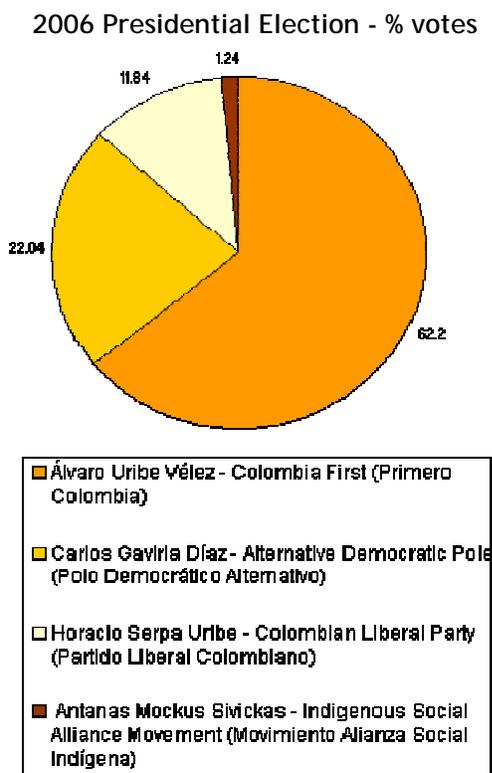
not just a holding action. This has been a critically important shift and is based on real progress in military operations.

Even a casual observer will know that there have been dramatic improvements in Colombia in the past five years, and the following sections demonstrate the changes that have taken place. The most likely scenario is that resolution of the internal conflict will continue to be elusive since the ties of organized criminal organizations to the narcotics industry have simply made a high percentage of the population dependent on the fruits of illegal activity. Politically, it will be essential that FARC is at least contained, the paramilitaries are treated within the law rather than special “deals” being struck to gain their demobilization, and at the same time some of the social and economic challenges are addressed. The credibility of Uribe’s government rests on achieving some degree of success in each of these areas.

Should Uribe fail to maintain momentum in the conflict with FARC or should his government take too lenient an approach to the paramilitaries, there is every likelihood that the democratic left will regain political control, building on the momentum that Polo has already demonstrated in the last Congressional elections.

### Detailed Overview

The re-election of Álvaro Uribe as President of Colombia for a second four-year term in 2006 marked a significant development in Colombian politics. Constitutionally no president in the past one hundred years has been eligible for re-election to a consecutive term, and there was both considerable speculation in 2004-2005, as well as considerable opposition from important political figures to the decision of the Constitutional Court to allow this to proceed. Opposition included such individuals as the grand old man of the Liberal Party, former President Alfonso López Michelsen, who first brought Uribe into government in the mid-1970s.



Uribe’s re-election by a significant majority, largely as an independent Liberal, reflects the clear popular desire to see an end to the longstanding disruptive conflict with FARC and the ELN as well as a desire to have the narcotics trafficking situation brought under control.

From conversations with members of the Colombian military, national police, and DAS (Departamento Administrativo de Seguridad), the current government is fundamentally committed to carrying out the war even if U.S. support were to be eliminated. The Minister of Defense, Juan Manuel Santos, met in early December 2006 with the Chief of the U.S. Southern Command, James Stavridis, who reaffirmed the support of the United States in the conflict against the leaders of FARC.

Although Uribe's government is highly regarded in general, it needs to be understood that there is significant political opposition to what has been seen as his excessively close ties to the paramilitaries, and this criticism comes not just from the left but from leading Liberals such as former President López Michelsen, important politicians in the Colombian Senate as well as from the international community. The most recent scandal (December) in which the brother of the foreign minister, Consuelo Araujo, has been identified as receiving support from and being tied to the paramilitary groups in Cesar, led to demands for her resignation. The so-called "parapolitica" is a real threat to President Uribe's credibility, and he appears to be trying to respond by taking a harder line with recent transfers to more secure prison facilities in Antioquia of some 50 leaders of paramilitary groups. It needs to be understood that the "parapolitics" issue compromises President Uribe's capacity to get his government's legislative program through Congress.

One of the most significant trends in Colombian politics in the past two decades has been the decline of the two traditional parties, Liberals and Conservatives, which dominated – almost to the exclusion of all others – Colombian politics since the mid-nineteenth century.

That party breakdown began in a significant way in the 1980s when the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia - FARC), the guerrilla arm of the PCC, sought to make its presence felt in the political process through a legal political party called the Patriotic Union (Unión Patriótica - UP), which the FARC founded in May 1985 after signing a cease-fire agreement with the government. In addition to representing the FARC, the UP coalition included the Communist Party and other leftist groups. Using the UP as its political front, the FARC participated in the March 1986 local government and departmental assembly elections. The UP's main reform proposal was the opening of Colombia's tightly controlled two-party system to accept the UP as a third contender for political power. The UP received only 1.4 percent of the vote in the elections, instead of an expected 5 percent. Nevertheless, as a result of the elections the UP could boast 14 congressional seats, including one in the Senate, and more than 250 departmental and municipal positions.

The UP's presidential candidate in the election of 25 May 1986, Jaime Pardo Leal – a lawyer and president of the National Court Workers Union (Unión Nacional de Trabajadores de las Cortes - UNTC) – placed third with about 350,000 votes, or 4.5 percent of the total vote. Although it was the left's greatest electoral victory in Colombia's history, observers suspected that the FARC's use of terrorist tactics – such as kidnapping, extortion, blackmail, and assassination – intimidated many voters into voting for the UP. The UP made some gains in the March 1988 elections, but it won only 14 out of 1,008 mayoralties, considerably fewer than expected. The UP victories, which theoretically gave the UP legal jurisdiction over the armed forces and police in those districts, were in regions where the FARC was active.

The UP itself was a prime target of unidentified "paramilitary" groups. The UP claimed that by mid-1988 some 550 UP members, including Pardo Leal and 4 congressmen, had been murdered since the party's founding in 1985. In the six months preceding the March 1988 elections, gunmen reportedly murdered more than one hundred of the UP's candidates for local office. According to the Barco government's investigation, a major drug trafficker, José Gonzalo

Rodríguez Gacha (“the Mexican”), sponsored Pardo Leal’s assassination, which took place on 11 October 1987.

The failure of FARC to gain credibility in the political arena resulted in a significant return to military conflict and terrorism by the end of the 1980s, and even with constant efforts on the part of a series of governments to negotiate, even establishing temporarily the *zona de despeje* for FARC, no progress was made until Uribe came to office.

Nonetheless, the fragmentation and hence the volatility of the political party structure is evident in the results of the presidential and congressional elections in 2006. At the presidential level Uribe’s Colombia First movement carried 62 percent of the popular vote against 22 percent of Carlos Gaviria Diaz (Polo Democratico Alternativo), which has attracted largely dissident Liberals and some traditional Conservatives. The traditional or official Liberal Party candidate, Horacio Serpa Uribe (PLC) carried only 11.8 percent of the vote. Minor parties carried the balance (Movimiento Alianza Social Indigena- Antanas Mockus); Movimiento Nacional de Reconciliacion- Alvaro Leyva Durán) and the Colombian Community and Communal Political Movement- Carlos Rincón). Of these only former Bogotá mayor Mockus has any national standing and his party is irrelevant to the future Colombian political dynamic. The total disappearance of the Conservative Party in fielding a viable presidential candidate was the most striking development.

Equally indicative of the breakdown of traditional party discipline was the result of the Congressional election in 2006. The Colombian Liberal party won 19 percent of the vote, gaining 36 seats in the House of Representatives; the Partido de la U or the Social National Unity Party won 16.7 percent for 29 seats and the traditional Conservative party won 15.8 percent for 30 seats; Cambio Radical won 10.7 percent for 20 seats and the rest of the 166 seats were scattered among an almost unbelievable 16 other parties. By contrast in the Senate elections the Partido de la U gained 20 seats, followed by the Conservative Party with 18, the Liberals with 17 and Cambio Radical with 15. (There are actually 60 formally registered political parties).

The political party system is thus going through a significant period of realignment, which can be interpreted as a sign of considerable instability. At the presidential level it means that the force of personality may be as significant a factor in gaining support as one’s party affiliation.

## THE ECONOMY

### Summary

There have been marked improvements in almost every economic indicator for Colombia over the past five years as the security situation has become more stable, although serious challenges remain. The current and indeed all Colombian governments in the past thirty years have been strongly committed to economic liberalization, but there has been an acceleration of that commitment in the past few years and it is expected to continue. That commitment is most clearly reflected in the signing of the free trade agreement with the United States in 2006 and the decision to privatize a portion of the state oil company, Ecopetrol. The Colombian producers association has given strong support to the trade agreement, although there were major concerns from the agricultural sector during the negotiations.

All indications are that the Colombian economy will remain strong for the foreseeable future. The one major unknown, discussed below, is whether the country can avoid becoming a net importer of petroleum. If it is not able to expand its production levels to offset that eventuality the cost of imported energy will have a serious negative impact on Colombia's balance of payments.

Some of the more important economic indicators are as follows:<sup>2</sup>

- *Overall*: 70 years of consistent growth in GDP (except for 1999).
- *Inflation*: 5 percent in 2005 – down from 9 percent in 2001. There was a modest increase in inflation in the course of 2006.
- *Unemployment*: Urban 12 percent – down from over 18 percent in 2001 but it has increased in the course of 2006. Unemployment and underemployment is major economic problem in Colombia. The official statistics for unemployment in November 2006 indicate that 11.4 percent or 2.27 million workers are unemployed. This represents an increase of almost 1 million unemployed workers since 2005. The official data for underemployment are far more worrying, indicating 37.6 percent of the labour force, or 7.5 million workers are underemployed.
- *Direct Foreign Investment*: \$1.4 billion US in 1994; \$10.2 billion US in 2005.
- *Balance of Trade*: \$3 billion US in 1995 unfavourable balance of trade; 2005 favourable balance of trade. Free trade agreement with the United States should increase the capacity to export, but Colombian prosperity among the middle and upper middle classes continues to stimulate the demand for imported luxury consumer goods from automobiles to food products.
- *2006*: Concluded negotiations for Free Trade Agreement with the United States – key element in Colombia's development strategy.

## Oil Sector

Colombia under President Uribe has engaged in a vigorous campaign to attract more foreign investment in the oil sector to avoid becoming a net importer of oil, which is imminent if more successful development does not take place. Crude production has been stagnant for the past three years at roughly 525mmbd, a decline from 687mmbd in 2000. Natural gas production on the other hand has increased approximately 8 percent over the same period.

Ecopetrol has significantly increased its exploration budget, from \$20 million US in 2001 to more than \$339 million US in 2006 in an aggressive effort to increase production.<sup>3</sup> New bids are anticipated in several onshore areas in 2007, including the heavy oil belt in the Eastern Llanos, and a Pacific offshore bid round is planned for 2008.

The Ministry of Mines as well as Ecopetrol officials claim that an estimated 72 percent of the sedimentary area is still open for exploration and the area under exploration has increased markedly in the past three years.

Some of the reforms under the Uribe government have been required to meet IMF structural adjustment demands. In June 2003 Uribe issued a presidential decree ordering the restructuring of the state oil company Ecopetrol into three companies: a truncated Ecopetrol functions as an oil producer and refiner, the National Hydrocarbon Agency negotiates all oil contracts and the Colombian Energy Promotion Association handles promotional duties. In March 2004, after Colombia signed a new \$2.1 billion US economic reform agreement with the IMF, Colombia's Energy Minister Luis Ernesto Mejía announced that foreign companies could negotiate contracts with the National Hydrocarbon Agency without entering into partnership with Ecopetrol.

The new rules also eliminate time limits on production rights and allow foreign companies to keep up to 100 percent of the oil for as long as a field remains productive. And, with the exception of those operating exceptionally large oil fields, of which there are currently only two in Colombia, most companies will continue to pay only an 8 percent royalty. Clearly, the terms have shifted dramatically in favor of foreign companies considering contracts signed four years ago called for equal partnership with Ecopetrol, 20 percent royalty payments and a time limit on production, after which all the remaining oil and drilling assets had to be turned over to Ecopetrol.

The country has been able to attract both some new players in the oil sector (Maersk, Reliance, Chaco and C&C Energy) as well as major players who have been inactive in the country for some years, such as ExxonMobil which has returned after a ten year absence.

ANH advertises its Exploration and Production contracts as more attractive than in the past and highly competitive with other areas of possible investment, with a sliding scale of royalties ranging from 5 percent to 25 percent depending on the production level. ANH has also introduced a Technical Evaluation Agreement which is designed to enable a contractor to identify and evaluate a prospective area for development, giving the Technical Evaluation contractor preferential rights to develop the area.

The Presidency of Ecopetrol changes in January 2007. This is not seen to signal any significant change in the direction of the country's natural resource policy or of the state company's policies. It is anticipated that the decision privatize 20 percent of the company will stand and that if anything more liberalization will follow because there has as yet been only modest increases in foreign investment in the sector. It is also believed that the failure of the international oil community to respond more aggressively to Colombia's liberalization, in spite of the high international prices, is more the result of geology than of concerns over politics or the security of operating in Colombia.

## **DEMOCRATIC SECURITY STRATEGY**

### **Summary**

President Uribe was re-elected in mid-2006 on the basis of his democratic security policies. His promise to pacify the warring factions and in particular to bring the guerrillas to the negotiating table within four years resonated with 62 percent of Colombian voters. Despite failing to achieve these same results throughout his first term, as promised in his 2002 election campaign, Uribe

has made tangible inroads in improving the security situation throughout the country, and there is every indication that this progress will continue. Such progress will not only facilitate continued improvement in the general economic condition of the country but also improve the security risks for companies operating in the country.

The success of the Uribe government depends on a dual track approach. One is the continued military pressure on FARC and the less important ELN to bring what Uribe now refers to as victory. The other dimension is the ability to achieve the complete demobilization of the paramilitary forces in the country. Both goals also require reducing the significant role that narcotics traffic plays in the strength of all criminal organizations in the country. Considerable progress has been made in these areas, but there is no analyst who would suggest that organized criminal activity associated with the narcotics industry will be eliminated in Colombia in the next decade. Isolating and containing criminal activity and reducing its impact on mainstream politics and on the economy as a whole are more realistic goals.

### Detailed Overview

The core objective of the democratic security strategy is to establish the rule of law throughout the country, to all sectors of society. This means expanding police and military capabilities, and the creation of networks of civilian support. To implement these policies, Uribe instituted a one-time wealth tax in 2002, raising over \$800 million US.

Seventy percent of these funds have been used to increase defense spending<sup>†</sup>, which has been augmented every year since the onset of Plan Colombia in 2000, but especially so under the Uribe government – between Colombian 2001 and 2005, defense spending grew more than 30 percent after inflation from \$2.6 billion US to more than \$3.9 billion US. 2006 estimates range from \$4.48 billion US to \$6.3 billion US.<sup>4</sup> Defense spending is the third largest expenditure after social protection programs and education.

Colombian security forces currently number about 350,000 uniformed personnel: 190,000 military and 160,000 police. The number of professional soldiers has dramatically increased under Uribe, from 22,000 in 1998 to 72,000 in 2005. This has been crucial to one of Uribe’s key programs

– there is now a police presence in all 1,098 municipalities. This has had very obvious results: rural attacks carried out by illegally armed groups decreased by 91 percent from 2002 to 2005; in the same time period, there was a 37 percent decrease in homicides, 63 percent decrease in the number of victims of massacres, and 72 percent fewer kidnappings.<sup>5</sup> In addition, urban centres are considered safe from the guerrilla violence of the countryside after a rash of bombings in 2002-2003, and far removed from the ferocity of the drug trade.

Year	Military spending percent GDP
2000	3.39
2001	3.83
2002	3.64
2003	3.86
2004	3.85
2005	3.73

Stockholm International Peace Research Institute (SIPRI) Military Expenditure Database

<sup>†</sup> Defense spending includes regular defense budget, other military spending, costs of police agencies and military aid from the United States.

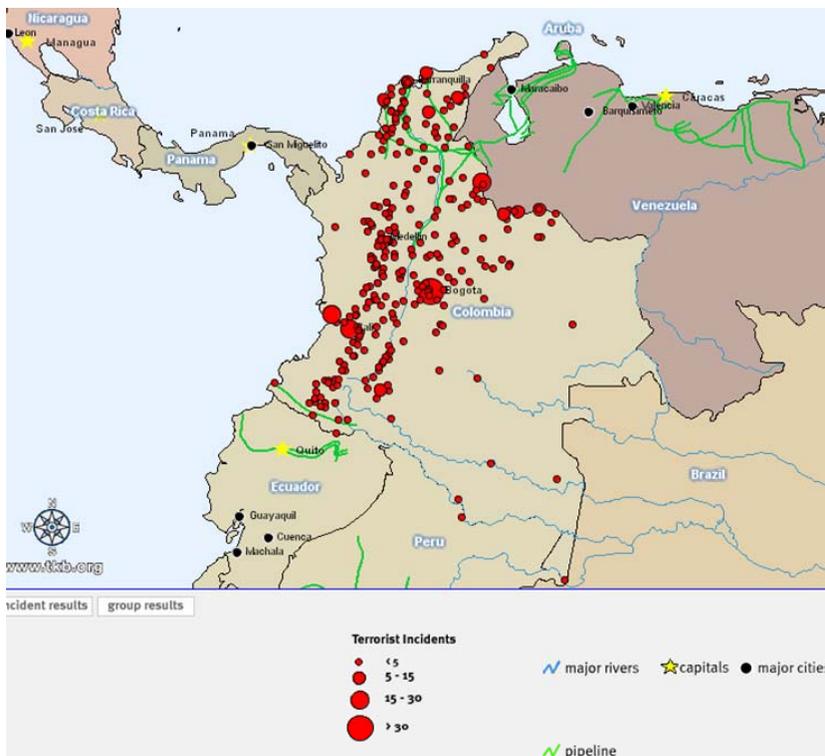
# FARC



Location of FARC fronts in 2004 (left); FARC's withdrawal in 2006 (right), *El Tiempo* (10 de diciembre de 2006)

While the strength of the FARC has been greatly reduced in many areas, as demonstrated above, the state has not broken the back of the organization. Despite a 98 percent disapproval rating, the FARC controls 35-40 percent of Colombia's territory with an estimated 12,000-18,000 members (approximately 20-30 percent of them children under 18 years of age, according to Human

Rights Watch<sup>6</sup>), and continues to grow its position in the upper echelons of the international drug trade. While Uribe's Plan Patriota succeeded in driving the guerrillas from one of their traditional strongholds in southern Caquetá, they have relocated their drug operations to Nariño near the Ecuadorian border. Ecuador has now been added to the list of frontiers controlled by the FARC, along with Venezuela, Peru, and Brazil.



Map displays terrorist incidents between 2000 and 2005, along with the location of oil and gas pipelines (MIPT Terrorism Knowledge Base)

There are also concerns that the efforts to eliminate the self-defense or paramilitary

groups will create a security vacuum into which FARC might move. Government officials note this is a particular concern with Frente 33 of FARC which operates in the Cúcuta border area with Venezuela.

Furthermore, the seizure of a number of small arms and light weapons by Honduran and Colombian officials in 2005, thought to be part of illegal weapons shipments from black market criminal networks in Central America to the FARC in exchange for drugs - allegedly for two thousand kilos of cocaine - adds further disturbing evidence of the guerrillas' role in the drug trade.<sup>7</sup>

In early 2005, the FARC responded to Uribe's democratic security strategy, specifically the military-based Plan Patriota, by eschewing the large scale multi-front attacks favoured in the late 1990s and early 2000s and again withdrawing into the jungle. While arguably more flexible against Colombian military action, the guerrillas have been unable to pack a substantial punch, until recently, when the FARC is thought to have returned to the capital city.

On 19 October 2006, a car bomb exploded near the Colombian military's Nueva Granada War College in Bogotá, wounding twenty-three people.<sup>8</sup> The head of Colombia's army, General Mario Montoya, was attending an event at the facility, but was unharmed. The FARC is the government's prime suspect, despite the reality that the attack is not at all in the guerrillas' self-interest. In response to the bombing, Uribe suspended talks with the FARC, which had been initiated weeks earlier to lay the groundwork for a prisoner-exchange negotiation. The negotiations were to seek the release of roughly sixty individuals whom the guerrillas have held captive for several years. Following the car bomb, Uribe stated that the only way to proceed with retrieving the prisoners is militarily, which is an obvious setback to bringing the FARC to the table.

Thus, while there have been clear and unequivocal advances in the security of the country, the situation is still precarious, and it will take little to undermine the illusory sense of security and well-being.

More promising, the ELN began a round of talks with the Colombian government in 2004. Mediated by the Mexican government, and held in Cuba, the ELN withdrew from the talks after Mexico voted to condemn Cuba's human rights record at the United Nations in April 2005. In December 2005, the ELN began a new round of talks with the Colombian government that led to two more meetings, the last one held in April 2006. The dialogue is expected to continue.

## Narcotics

No longer controlled by the extensive, hierarchical cartels of Pablo Escobar fame, the drug trade is a more diffuse structure of loose associations and precarious alignments. "Baby cartels" are in league with paramilitary and guerrilla organizations, which, lacking any meaningful political cause since the end of the Cold War, collectively produce some 80 percent of the world's cocaine.<sup>9</sup>

The United States Department of State reports that aerial spraying of crops has effectively reduced coca cultivation from more than 100,000 hectares in late 2002 to approximately

86,000 hectares at the end of 2003.<sup>10</sup> Hundreds of small rudimentary coca processing facilities as well as more sophisticated cocaine laboratories have been destroyed by the police and army.

Annual surveys conducted by the United Nations concur that cocaine production in Colombia decreased with Plan Colombia beginning in 2000.<sup>11</sup> However, despite record levels of eradication, there was an 8 percent increase in coca production in 2005 over the previous year, indicating that perhaps aerial spraying cannot keep pace with mobile coca planters, who easily shift to isolated areas in such small plots they aren't picked up by planes carrying out the eradication or even by U.S. satellite imaging.

Year	Coca cultivation (hectares)
2000	163,300
2001	144,800
2002	102,100
2003	86,300
2004	80,000
2005	86,000

United Nations Office of Drug Control, *Colombia: Coca Cultivation Survey 2005*

This has meant that cocaine street prices have not increased, and consumption remains high, particularly with the emergence of new lucrative markets such as Brazil. It is imperative that the demand for drugs in the large U.S., European and even Latin American consumption centres be addressed, since this would cut the profit margin of the armed groups as well as international drug trafficking organizations.

Colombia's borders are extremely porous, aerial and manual spraying of coca crops is proving elusive, and maritime and air interdiction is an exceedingly difficult and expensive undertaking. Despite all these efforts, the international appetite for illegal narcotics has not abated, and the finances of the armed groups do not appear to have been hit hard. Furthermore, unfortunately for Colombia, evidence has emerged in recent months to hint of the FARC's involvement beyond the low-level territorial control of coca crops and processing facilities into the international trafficking arena.<sup>12</sup> Although definitive conclusions cannot at this stage be drawn, everything indicates that the non-state armed groups can keep the drug-fuelled war going for years.

### Paramilitary demobilization

In December 2003, the Colombian United Self-Defense Forces (Autodefensas Unidas de Colombia, AUC) paramilitary group entered into a peace agreement with the government that has led to the demobilization of roughly 30,000 AUC members in a process of disarmament, demobilisation and reintegration (DDR).<sup>13</sup> President Uribe established a legal framework for these demobilizations and signed the Justice and Peace Law in July 2005. Key elements of this law included provisions for participants to renounce violence and agree to re-enter civilian life; return illegal assets in exchange for reduced punishments, which were to be used to provide reparations to victims; and confess to their crimes. One report suggests that the demobilisation has saved up to 2,800 lives.<sup>14</sup> A less enthusiastic perspective of the DDR is that generous benefits are granted to commanders accused of committing atrocities in exchange for disarming fighters; prison time is avoided; and more importantly, commanders can rest in the comfort that they will not be extradited to the United States on drug-trafficking charges.

While critics acknowledge that the disarmament has indeed yielded benefits, especially since more stringent terms have been applied in the face of international outrage since passing the Justice and Peace Law, the process has been far from perfect. Evidence exists, even from Colombia's Attorney General's Office, that former paramilitary commanders continue to participate in illegal activities, including murders, drug trafficking and extortion from state institutions they'd infiltrated. For example, leading Colombian daily, *El Tiempo*, disclosed that a powerful AUC commander recruited peasants to play the role of paramilitary fighters in demobilization ceremonies in order to retain bands of fighters while reaping the benefits of "disarming" his unit.<sup>15</sup> Furthermore, the discrepancies between the number of combatants demobilized (approximately 30,000) and the number of weapons surrendered (approximately 16,000) exemplifies the controversial nature of the process.<sup>16</sup>

The DDR is a very complex process. On the one hand, it is disheartening that there are only twenty prosecutors to investigate extremely complex cases of 2,695 paramilitary commanders accused of committing atrocities,<sup>17</sup> which does not bode well for the truth and reconciliation that is necessary for the victims and for the national healing. Furthermore, if the demobilization process is not closely monitored for forays by paramilitary fighters back into criminality, violence in Colombia could be greatly increased. However, on the other hand, if the AUC proves to no longer poses a cohesive threat to the state, desperately needed resources will be freed up to combat the FARC and to a lesser extent the ELN.

## CONCLUSIONS

The evidence is conclusive that during the first four-year term of President Uribe Colombia has turned the corner toward a resolution of the internal insurgency dominated by FARC and the paramilitary forces loosely organized under the AUC. It is thus not unreasonable to conclude that if continued military pressure is brought to bear on the insurgency, while negotiations continue in Colombia and abroad with FARC and the ELN, if the crop eradication program continues along with traffic interdiction, if the full force of law is brought to bear on the paramilitary and other criminal organizations, then Uribe will be justified in speaking of "victory." These are many "ifs," but for the first time in the past thirty years that vision has some reasonable expectation of being realized over the next decade. Since Uribe can only serve as President until 2010, much will depend on what happens in the next presidential election, and at this stage at the end of 2006 there is no obvious leader on the horizon with the same vision and commitment that Uribe possesses. Given the political strength of the democratic left, there is always a possibility that there will be backsliding, not on the treatment of the paramilitaries where the democratic left is in fact tougher than Uribe, but on the levels of collaboration with the United States and on the level of support for a military solution to the conflict with FARC and the ELN. There will be no political success without resolution of the security issues.

In the economic sphere most of the indicators suggest continued Colombian stability and consistent growth, with the need to address the unemployment challenges as well as the reintegration into the mainstream economy of the significant number of people who have been displaced by the civil strife over the past decades. This is not a simple task, and there is no reason to assume that it can be achieved in less than a decade. There is an entire generation of displaced peoples who lack education, access to adequate housing or reasonable employment. As long as there is a significant segment of Colombian society, in particular male youths, who

have no realistic expectation of a viable existence in the mainstream of society, that segment will remain a fertile source of recruitment for both the guerrilla forces and criminal organizations.

Insofar as the narcotics industry and trafficking is concerned it is so intertwined with the guerrillas, the paramilitaries, other criminal organizations and the daily lives of hundreds of thousands of campesinos, that only a long term approach has any chance of success. The critical task here is to build a viable alternative economy which produces adequate economic rewards for labour. More than thirty years of failure in this respect does not provide a basis for optimism, with the result that the authors suggest that the most likely scenario over the next decade is containment of the guerrillas in small isolated pockets of the country, primarily on the borders with its four neighbours, pushing the narcotics economy primarily into similar marginalized pockets, and building alternative economic opportunities for the majority of Colombians in the rest of the country.

## Endnotes

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<sup>1</sup> Preparation of this report was with input from Mauricio Pérez Salazar (Dean, Faculty of Economics, Universidad Externado de Colombia and former trade negotiator for Colombia); Mauricio Echeverri (Vice-President Ecopetrol); Felipe López Caballero (Publisher, *Semana* magazine); German Montoya (former Colombian Ambassador to Canada, former President Virgilio Barco's closest political advisor and General Secretary of the Presidency); Enrique Umana-Valenzuela (Vice-Minister of Defense 1995, former deputy chief of mission, Washington D.C., Member of the Board of Petrominerales).

<sup>2</sup> Government of Colombia, *Democratic Security: Colombia's Path to Peace and Prosperity*, remarks made at the Colombian Oil and Gas Investment Conference, Calgary - Canada, 8 June 2006.

<sup>3</sup> Isaac Yanovich, President, Ecopetrol, S.A. *E & P Opportunities: New Investment Climate in Colombia*, remarks made at the Colombian Oil and Gas Investment Conference, Calgary - Canada, 8 June 2006.

<sup>4</sup> United States Department of State, *Background Notes, October 2006* <http://www.state.gov/r/pa/ei/bgn/35754.htm>

<sup>5</sup> Ibid.

<sup>6</sup> Jeremy McDermott, "Niños y niñas continúan siendo reclutados por grupos armados," *BBC Mundo (Londres)* <http://news.bbc.co.uk/2/hi/americanas/6171709.stm>

<sup>7</sup> Elizabeth Romero, "Nicaragua corredor de armas," *La Prensa*, 17 April 2005 <http://www-ni.laprensa.com.ni/archivo/2005/abril/17/nacionales/nacionales-20050417-12.html>

<sup>8</sup> "Como respuesta a atentado, Gobierno ordena rescate militar de secuestrados en poder de las Farc," *El Tiempo* (Octubre 20 de 2006).

<sup>9</sup> *Uribe vs FARC: the rematch*, Jane's Foreign Report (15 June 2006). "Baby cartel" is the term used for the smaller and tighter knit units that specialize in certain links in the drugs chain, and which are harder to infiltrate and dismantle. There are an estimated 200-400 baby cartels in Colombia.

<sup>10</sup> United States Department of State, *Background Notes*.

<sup>11</sup> United Nations Office of Drug Control, *Colombia: Coca Cultivation Survey 2005* (June 2006) [http://www.unodc.org/pdf/andean/Colombia\\_coca\\_survey\\_2005\\_eng.pdf](http://www.unodc.org/pdf/andean/Colombia_coca_survey_2005_eng.pdf)

<sup>12</sup> International Crisis Group, "War and Drugs in Colombia," *Crisis Group Latin America Report No. 11* (27 January 2005).

<sup>13</sup> Government of Colombia, *Democratic Security: Colombia's Path to Peace and Prosperity*. This is the official number of demobilized paramilitary members, as of April 2006.

<sup>14</sup> Michael Spagat, *Colombia's Paramilitary DDR: Quiet and Tentative Success* (Bogotá: Centro de Recursos para el Análisis de Conflictos) [http://www.cerac.org.co/pdf/UNDP\\_DDR\\_V1.pdf](http://www.cerac.org.co/pdf/UNDP_DDR_V1.pdf)

<sup>15</sup> This according to a 29-page internal investigative report by Colombia's Attorney General's Office. See Juan Forero, *In Colombia, a Dubious Disarmament: Demobilized Paramilitaries Are Sidestepping Justice, Critics and Victims Say*, Washington Post Foreign Service (17 October 2006): A14.

<sup>16</sup> Ibid. Spagat and CERES discuss this issue in detail and suggest that the ratio of demobilizations and weapons turned in is actually quite high compared to other demobilizations internationally.

<sup>17</sup> Forero, *In Colombia, a Dubious Disarmament*. Attorney General Mario Iguarán stated, "You'd have to say it's not sufficient. The Justice and Peace Law did not create positions for prosecutors."