

Colombia on Sale, by Juan Pablo Durán Ortiz

At the beginning of 2000's, the price of minerals in the world was in their highest levels since 1970's. This level of prices was responding to the rising demand by China, Southeast Asian countries and developed countries in general. Two main proposals were given to the exporting countries, so they could manage better this mining and energy boom: The first one from Alice Amsden from MIT. She proposes to build an "Organization of the Mineral Exporting Countries (OMEC)" with members from African and Latin American countries. With OMEC the exporting countries could be able to improve the private and public incomes and improve the public expenditure. The second one was to build and improve all the productive chains inside the production of minerals and mining. With these new and improved national chains of industrial production, exporting developing countries could increase the national production beyond the exploitation of natural resources, improving at the same time industrialization and employment.

The first proposal never prospered. In fact what happened was the entire contrary; the developing exporting countries were pushed to an oversupply of minerals and energy. The general impact was the overexploitation of natural resources inside these countries and the stabilization of mineral worldwide prices. The second proposal, in the other hand, has been developed successfully by some Latin American countries like Argentina, Chile, and Brazil (Ocampo 2012¹ and Durán and Montoya, 2013²).

According to Bebbington (2013)³, the energy and mining boom in Latin America have a lot of political and economic differences between countries. In some countries, like Venezuela and Bolivia, this boom has been handled like a nationalistic project, so the taxes for the international companies that exploit the natural resources are higher, and the revenues have been invested by the State in social programs to reduce hunger and poverty. Other countries like Ecuador, Brazil and Chile have conducted this boom like an opportunity to pull over other economic sectors, so the incomes for the state are high too, but the generation of long term wealth has been better.

In the case of Colombia and Mexico this boom has been managed from a neoliberal point of view, so the taxes (and the state incomes) are lower because the state "must keep the investors

¹Ocampo (2012). Development Policy. In: MIT Alice Amsden Commemoration Video. In: <http://amsden.mit.edu/videos/> (October 2012).

²Durán and Montoya (2013). Reducing Rural Poverty in Colombia with Successful economic, social and environmental Strategies. Paper prepared for presentation at the Annual World Bank Conference on Land and Poverty. Washington D.C. April 8-11, 2013.

³Bebbington (2013). Regulating the Boom: Extractive Industries and Emerging Geographies of Resource Governance in Latin America. In: David Rockefeller Center for Latin American Studies. Harvard University. April 16 of 2013.

trust”, the exploitation of natural resources has been more destructive for the environment because “the regulation must be minimal to ensure that market works better” and the public incomes (mining royalties) from the extractive industries don’t have an economic strategy for the country. In Colombia, the tax exemption for mining companies is more than 80% of their private profits (Rudas, 2010)⁴, the state revenues has been dilapidated in political agendas⁵, and a lot of royalties are not expend despite the great demands and needs of some rural areas in that country.⁶ In fact, Colombia has become one bad practice in land management for Latin America in the past 20 years because of the public methods to manage the land, because of the magnitude of the problem, because the bad management of natural resources, because the magnitude of state capture and because the future public and private plans to manage the land.

In the first case, rent seeking has become a massive problem in the last 20 years with the assistance of the state. In a systematic way, the state uses its institutional tools, particularly to change the uses of land and to make big productive or infrastructure investment, to speculate with the national land. In this sense, even with help from illegal paramilitaries groups, farmers are displaced from their lands if these lands are going to be used for “better productive purposes” (See Figure 1⁷ and Figure 2⁸). Like magic, the new owners of these lands today are ex presidents, politicians, retired military, paramilitaries chiefs, gangsters and even big national and international companies. According to the World Bank (2004)⁹ 60% of the displaced people in Colombia were owners of land and were dependent of the land for their livelihood: “the desire to establish territorial control is a key element of war strategy, (armed groups) use violence to force rural population to abandon their lands”. According to Ibáñez and Muñoz (2011)¹⁰ this kind of strategies from illegal armed groups has caused the displacement (expulsion) of 3,6 millions of farmers (55,4% of the total displaced people in Colombia).

⁴Rudas, 2010. Contexto del sistema nacional ambiental y la Minería. In: Workshop about mining, extractive projects and their impacts in ethnic territories. National Council of Planning. Bogota. October of 2010

⁵ Osorio (2012). \$98,3 billions of energy and mining royalties without warranties of Investment. In: Discussion of Political Control about Royalties in Colombia. Colombian Republic Congress. October 2012.

⁶El Espectador (2012). Dudas sobre las regalías. In: <http://www.elespectador.com/opinion/editorial/articulo-336474-dudas-sobre-regalias> Editorial, El Espectador Journal. 4 of April of 2012.

⁷ Villegas (2012). Autopistas para la prosperidad. Colombian Chamber for Infrastructure. In: National Agreements for prosperity. Puerto Berrio, Antioquia. June 2012. And UNDP (2003). El conflicto. callejón con salida. In: <http://www.acnur.org/biblioteca/pdf/5626.pdf?view=1>. United Nations Development Programme for Colombia. September of 2003. 510 p

⁸ UNDP (2011). Colombia Rural: Razones para la Esperanza. In: <http://pnudcolombia.org/indh2011/index.php/el-informe/informe-completo>. United Nations Development Programme for Colombia. September of 2011. 446 p.

⁹World Bank (2004). Colombia: Unapolítica de tierras en transición. CEDE, University of Andes. August 2004.

¹⁰ Ibáñez y Muñoz (2011). La persistencia de la concentración de la tierra en Colombia: ¿Qué pasó entre 2000 y 2010? In: Notas de Política No 9. School of Government, University of Andes. CEDE. August 2011. 4p.

The magnitude of the problem has risen exponentially in the last 10 years. According to Rudas, (2011, cited by Bebbington 2013), the mining titles were only 467.000 hectares (ha) when president Gaviria started his mandate. Since 1990 to 2002, with the presidents Gaviria, Samper y Pastrana, the mining titles grew 124% to 1.047.000 ha, it means 44.165 ha per year in average (See Figure 3 and 4). In the president Uribe's mandate, since 2002 to 2009, the mining titles grew 745% to 8.444.000 has. It means almost a million of hectares per year in average. Indeed, when a country is being sold at the cheapest price, they'll rain buyers: the map of applications for mining titles in 2009 is really scary (See Figures 5 and 6).

In the side of natural resources the impact of this mining boom has been the worst in the Colombian history. Moors even could not resist the extractive new economic model in Colombia, despite the moorlands are the main sources of water and they regulate all the life and the ecosystems. At the end of president Pastrana's government, it has almost 52.000 hectares of mining titles in moorlands. At the end of Uribe presidency it grew more than 2 times: it had more than \$120.000 hectares of mining titles in moorlands (See Figure 7).¹¹ To allow mining titles in moorlands is illegal in Colombia (and almost everywhere in the world). Nevertheless, this practice has been grown exponentially in the last decade. The explanation can be found again in the low capacity of the state to regulate and enforce the laws inside Colombia. The lack of state accountability is a characteristic of Neoliberal states as well as the capacity of private interests to capture public and private national organizations.

For example, the National Association of Enterprises (ANDI for its Spanish acronym), which is the main representative business association in Colombia, has been capture by mining companies. The president of the ANDI board and some others board members are presidents of big mining companies with large interests inside the country. In fact, ANDI name originally was National Association of Industrial companies; the name was changed a few years ago. The same organization that formerly was the defender of industrialization now is against Colombia industrial policy. Colombia's land problem is one of the consequences of the worldwide financialization process. The land today is mainly an asset used by speculation and rent-seeking. In the mid time, dollars continue entering inside the economy, and reevaluation and FTAs with industrialized countries continue debilitating the industry: Colombia is the perfect example of economic Dutch disease (Ocampo, 2013)¹².

¹¹Rudas, 2010. Contexto del sistema nacional ambiental y la Minería. In: Workshop about mining, extractive projects and their impacts in ethnic territories. National Council of Planning. Bogota. October of 2010.

¹²Ocampo, 2013. Tenemos una indigestión de TLC que acabará con la industria. In: <http://www.larepublica.co/economia/tenemos-una-indigestión-de-tlc-que-acabará-la-industria> 41756. La República Journal. 2 of July 2013.

But the future is not going to be better. Colombia has two halves. The half of the south is full of green yet. Less than 25% of the population lives there. The Colombia of the south has a portion of Amazon Jungle and has more than 80% of the main ecosystems in the country. Because of this portion of Colombia, the country is one of the most biodiverse in the world. Why extractives companies are not in the South of Colombia? Why this huge portion of Colombia is still green? One of the main two reasons is because “there is not security conditions” for private investment because of the presence of guerrillas. The other reason is because “there are not proper property rights for investments”. Today the main guerrilla of Colombia is FARC. FARC is spread in the south of Colombia (See Figure 8).¹³ The national government today is making a peace agreement with them, so the first problem can be solved in a few years. Besides, in 2013 the Colombian government signed with the World Bank an agreement to develop the Land Governance of Assessment Framework (LGAF) to improve the land titling (and with it, the chances of investment and speculation with lands): Second problem solved. With these two agreements, the peace agreement and the LGAF in Colombia, in a couple of years the country can be prepare to sell the other half of country at the “highest” bidder.

In fact, the institutional efforts in the past 20 years was to give the north of Colombia to big landowners: ex presidents, politicians, paramilitaries chiefs, retired military and gangsters and the institutional efforts today is to give the south of Colombia to big national and international enterprises. According to Arias (2013), the Colombian laws say that empty lands must be given to small farmers, but with the help of private lawyers, the state has a big strategy to change these laws.¹⁴

Colombia, thanks to its neoliberal ideology, is being prepared to become the first titled country ready to speculation. So, if you are a capital market trader, be prepared... Colombia is on sale!!!!

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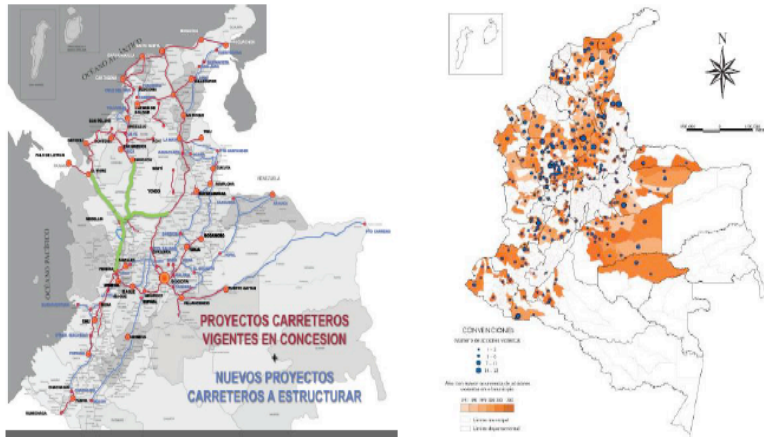
¹³Vice presidency of Colombia (2010). Presencia activa de las FARC 1998-2011. Observatorio del programa presidencial de Derechos Humanos y DIH.

¹⁴Arias, 2013. Emporioeconómicosnacionales y extranjeros son apoyados por Gobierno Santos para apropiarse de tierras: Wilson Arias. In:

http://www.polodemocratico.net/index.php?option=com_content&view=article&id=5124:emporios-economicos-nacionales-y-extranjeros-son-apoyados-por-gobierno-de-santos-para-apropiarse-de-tierras-wilson-arias&catid=75:noticias&Itemid=66. [As retrieved on 7th of August, 2013.]

Figure 1.

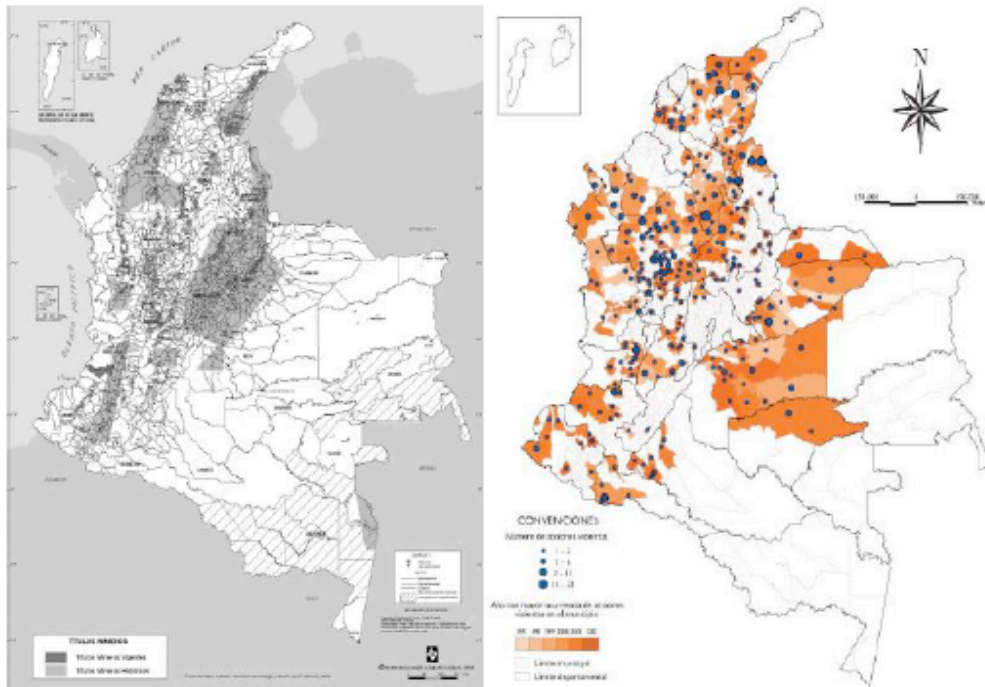
MAP 5: ROAD PROJECTS (LEFT) AND PARAMILITARY CONFLICT (RIGHT).



Source: Villegas (2012) and UNDP (2003).

Figure 2.

MAP 3: MINING TITLES (LEFT) AND PARAMILITARY ACTIVITY (RIGHT)⁶



Source: UNDP (2003) and UNDP (2011)

Figure 3. Mining Titles in Colombia starting 1990: President Gaviria Period.



Figure 4. Mining Titles in Colombia in 2002: The end of President Pastrana Period

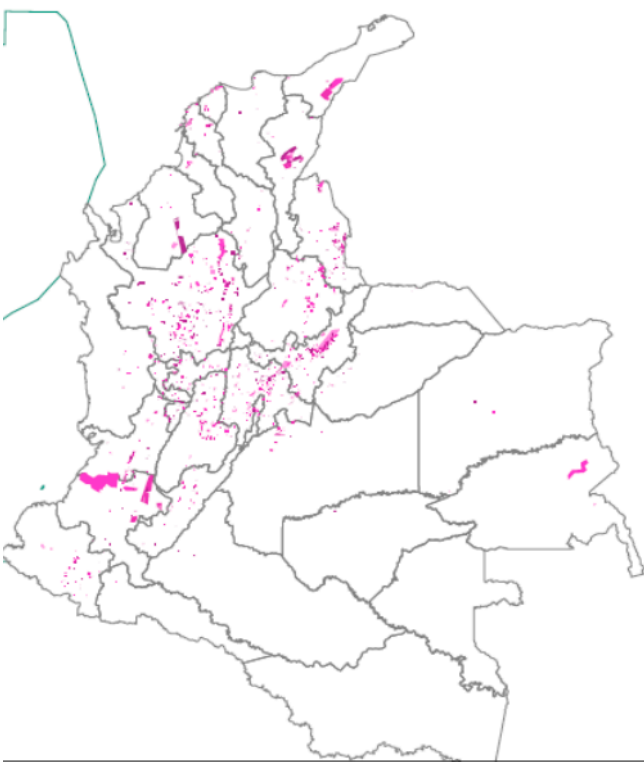


Figure 5: Mining Titles in Colombia in 2009: The end of President Uribe Period

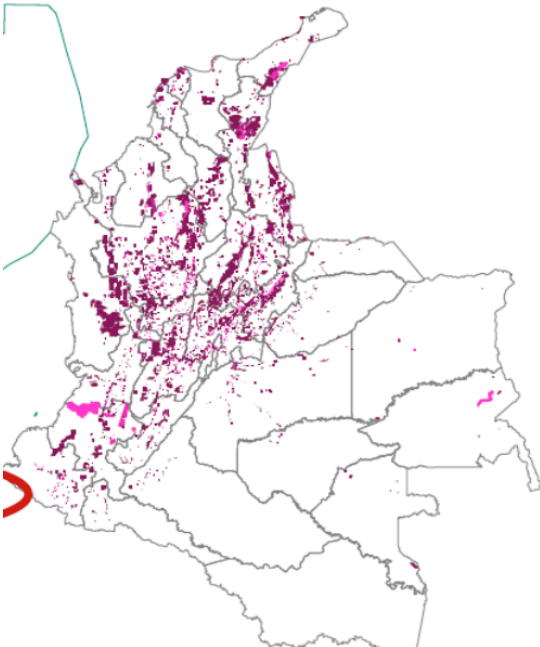


Figure 6: Application of Mining Titles in Colombia in 2009: The end of President Uribe Period

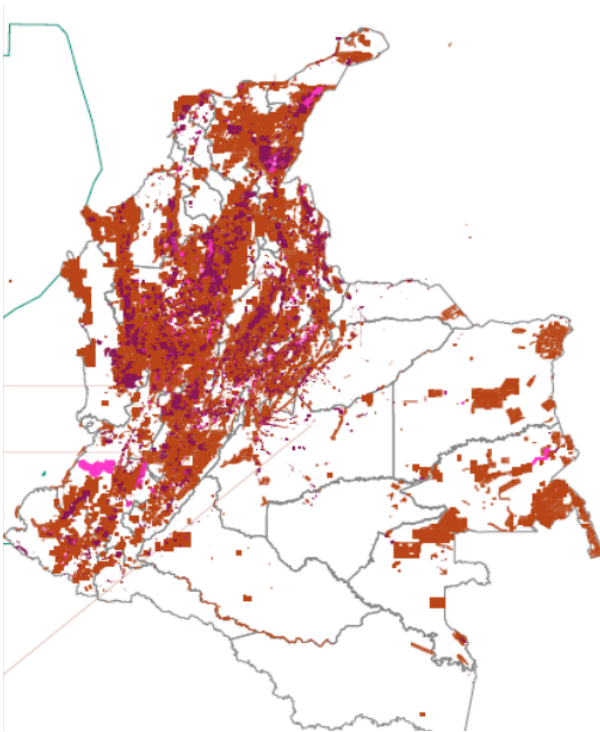


Figure 7: Mining titles in badlands by States and Presidents. Colombia: 1990 – 2009.

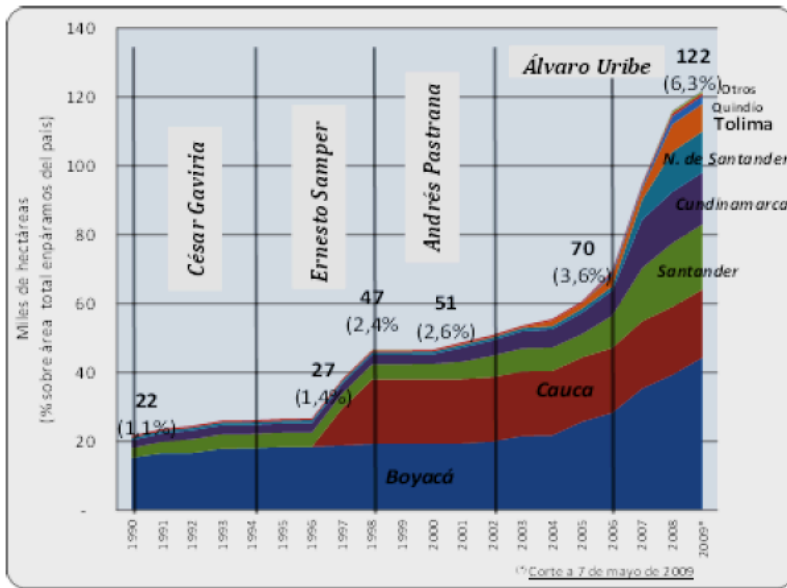


Figure 8: Active Presence of FARC in Colombia.

