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## **Peru and Colombia FTAs Projected to Increase Drug Trafficking, Violence and Instability in the Andes**

**The Peru and Colombia FTAs Agriculture Provisions Will Devastate Millions of Peru and Colombia's Small Farmers:** Nearly one third of Peru's population<sup>1</sup> and over twenty percent of Colombian workers<sup>2</sup> depend on agriculture for their livelihood. The Peru and Colombia "Free Trade Agreements" (FTAs) require those nations to cut tariffs on many basic agricultural goods, opening up their markets to imports of the same commodities from subsidized U.S. agribusiness. CONVEAGRO, a major Peruvian farmers group estimates that approximately 1.7 million Peruvian families will be immediately affected by these provisions.<sup>3</sup> In Colombia, the Ministry of Agriculture and Rural Affairs conducted a study of the effects of liberalization on nine primary agricultural products and found that full liberalization would lead to a 35 per cent decrease in employment.<sup>4</sup>

**Experts Warn that the Colombia and Peru FTAs Will Lead to Increased Drug Production and Violence:** Colombia and Peru are the top two producers of cocaine in the world, with Colombian cocaine representing two-thirds of the world's supply.<sup>5</sup> *The Washington Post* editorial board warned in February 2006 that the "rural dislocation that would follow from ending all protection for Colombian farmers could undermine the government's efforts to pacify the countryside. If farmers can't grow rice, they are more likely to grow coca."<sup>6</sup> As Nobel Prize-winning economist Joseph Stiglitz noted, the upheaval that such agreements will have on rural livelihoods is a self-defeating course that will mean "there will be more violence and the U.S. will have to spend more on coca eradication."<sup>7</sup> In the words of Archbishop Pedro Barreto, the President of the Episcopal Commission for Social Action of the Catholic Church in Peru, "We are certain that the trade agreement will increase the cultivation of coca, which brings along with it a series of negative consequences including drug trafficking, terrorism and violence."<sup>8</sup>

**Increased Drug Production is Linked to Past NAFTA-style Agricultural Trade Policies on Which the Peru and Colombia FTAs are Based:** We do not need to rely on experts' opinions regarding how the proposed FTAs will lead to increases in drug production. Unfortunately, there is a factual record demonstrating the phenomena. After NAFTA drove down commodity prices in Mexico and eventually 1.3 million Mexican *campesinos* were driven out of the business of growing corn and beans, many Mexican farmers turned to illegal drugs to compensate for lost income. The U.S. Customs and Border Protection Office reports that in NAFTA's first decade, marijuana seizures *doubled* at the U.S.-Mexico border.<sup>9</sup> Peru and Colombia's neighbor Bolivia provides another stark example; after Bolivia underwent significant trade liberalization in the 1980s, many poor farmers were unable to earn sufficient income from legal crops and cocaine production rose 13 percent each year for the first three years of this policy.<sup>10</sup> Peru experienced a similar trend when the liberalization of the coffee market depressed prices, with the result that "[peasant farmers] started to re-activate their abandoned coca fields and coca cultivation again rose in Peru."<sup>11</sup>

**The Colombia FTA Could Exacerbate Colombia's Ongoing Civil Conflict:** Colombia remains embroiled in a war between left-leaning guerillas, right-wing paramilitaries and the government. Colombia is wracked with some of the worst violence in the world: in 2005 alone there were over 17,331 homicides.<sup>12</sup> Given the rural displacement and further impoverishment the Colombia FTA is projected to cause, *the Colombian Ministry of Agriculture concluded that the FTA would give small farmers little choice but "migration to the cities or other countries (especially the United States), working in drug cultivation zones, or affiliating with illegal armed groups."*<sup>13</sup>

**The Peru FTA Threatens Progress on Development and Security Made Since the End of Peru's Bloody Civil War:** Peru is still recovering from a decades-long war that left 69,280 people dead. The war was primarily fought in the very rural areas that the FTA's agricultural rules are projected to hit hardest. In 2000, Peru established a Truth and Reconciliation Commission. Among its primary recommendations for building a lasting peace was emphasizing programs that would encourage "employment and income generation"<sup>14</sup> in devastated regions – an objective that will be undermined by the Peru FTA, which is projected to *decrease* income generation among the rural poor.<sup>15</sup> The situation is especially volatile given the revival of Shining Path activity; in 2005 they conducted around 150 violent acts and are building strength as "both international and domestic drug traffickers in Peru have hired the Shining Path to protect their lucrative plantations of coca leaf and opium poppies,"<sup>16</sup> according to the Center for Security Studies.<sup>17</sup>

**The Colombia FTA Would Benefit Business and Political Interests Tied to Paramilitaries:** The FTA's grant of duty-free U.S. access for flowers and certain other commercial-scale agri-export crops mean pressure will increase in Colombia to expand agribusiness plantations for such exports. Amnesty International has reported on paramilitary groups being employed to attack rural villages to clear land for agro-export crops.<sup>18</sup> Meanwhile, Afro-Colombian leaders are concerned that the FTA's new foreign investor rights would "embolden export-oriented natural resource extraction corporations, while the agricultural rules would undermine rural economies. This lethal combination could result in the displacement of millions of poor rural Colombians from their lands, worsening their economic and social conditions and leaving them with no option other than to work for those groups that have violently displaced them from their lands."<sup>19</sup> Because of close political connections to the paramilitaries, the current Colombian government cannot be trusted to protect communities from paramilitary violence. After the November 2006 arrest of two powerful senators and two congresspeople – allies of President Uribe – upon evidence they had conspired with paramilitary groups, another important Colombian senator who may come under investigation on similar charges, warned that any such inquiry would "taint relatives of his in the government, and ultimately, the president."<sup>20</sup>

**The Peru and Colombia FTAs Must Be Re-opened and Re-negotiated:** The FTAs as currently negotiated are not the comprehensive development strategies that Peru and Colombia need. Despite warnings from Congress, the Bush administration signed these FTAs in order to lock in their retrograde provisions. Now Democrats are demanding that the agreements be re-opened and re-negotiated, a demand that the Bush administration has rejected. Either the damaging agriculture and foreign investor guarantees must be removed or Congress must reject these agreements.

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<sup>1</sup> Patricia Amat, "Song of the Sirens," Oxfam America Briefing Paper, June 2006, at 8.

<sup>2</sup> "Field Listing – Labor Force by Occupation," CIA World Factbook, Dec. 19, 2006. <https://www.cia.gov/cia/publications/factbook/fields/2048.html>

<sup>3</sup> Robin Emmott, "Peru leftist candidates aim to scrap U.S. trade deal," *Reuters*, 3/31/06

<sup>4</sup> Patricia Amat, "Song of the Sirens," Oxfam America Briefing Paper, June 2006, at 8.

<sup>5</sup> "Colombia: Cocaine Cultivation Survey," United Nations Office on Drugs and Crime, June 2006, p. 3.

<sup>6</sup> "Back Mr. Uribe," *The Washington Post*, February 17, 2006, p. A18.

<sup>7</sup> Hugh Bronstein, "Colombia must be firm in U.S. trade talks – Stiglitz," *Reuters*, October 21, 2004.

<sup>8</sup> "U.S., Peru trade accord receives mixed feelings," *The Miami Herald*, April 13, 2006.

<sup>9</sup> Bill Lambrecht, "Mexican farmers forced from fields by low prices," *St. Louis Dispatch*, Oct. 30, 2005.

<sup>10</sup> T. Avirgan, L. Parsons and R. Hammond, "Structural Adjustment in Bolivia: Inducing Illegal Drug Production," Development GAP, 1995.

<sup>11</sup> "Peru: Coca Cultivation Survey," United Nations Office on Drugs and Crime, June 2006, at 8.

<sup>12</sup> "Violence, Crime, and Illegal Arms Trafficking in Colombia," United Nations Office on Drugs and Crime, Dec. 2006.

<sup>13</sup> "Colombian Agriculture Before the Free Trade Agreement with the U.S.," Min. of Agriculture and Rural Development, July 2004.

<sup>14</sup> "Summary of Recommendations Section," Truth and Reconciliation Commission of Peru, August 2003, p. 12

<sup>15</sup> "The Social Impacts of Trade Liberalization: How Can Childhood Poverty Be Reduced?," Young Lives Project Brief, 2005, at 4-5.

<sup>16</sup> Sam Logan, "Maoist rebels force state of emergency in Peru," Center for Security Studies' Security Watch, Dec. 29, 2005

<sup>17</sup> Sam Logan, "Maoist rebels force state of emergency in Peru," Center for Security Studies' Security Watch, Dec. 29, 2005

<sup>18</sup> "Colombia: Fear for Safety," Amnesty International, August 22, 2006.

<sup>19</sup> Letter from Proceso de Comunidades Negros and AFRODES USA to Rep. Charles Rangel, January 18, 2007. Available online at: [http://www.citizen.org/documents/AFRODES\\_PCN\\_Jan18toRangel.pdf](http://www.citizen.org/documents/AFRODES_PCN_Jan18toRangel.pdf)

<sup>20</sup> Juan Forero, "Colombian Government Shaken by Lawmakers' Paramilitary Ties," *The Washington Post*, A17, November 18, 2006.