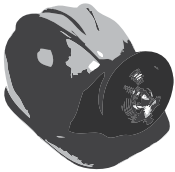


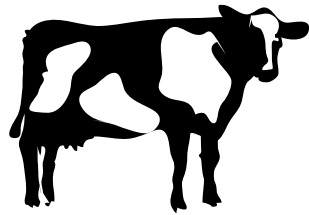
Mining



Palm oil



Dairy



DOSSIER COLOMBIA

Organisations and trade unions in Colombia and in Europe, including the European Trade Union Confederation (ETUC) and the International Trade Union Federation (ITUC) have frequently argued against the EU-Colombia Free Trade Agreement. They state that it implies gross violations of human rights, and the rights of trade unionists in particular. Colombia has the highest number of trade union murders in the world.

Also from the parliamentary side critiques are being articulated. A broad range of Latin American and European parliamentarians are against the agreement because they argue that the benefits for the European investors can never be prioritized above human rights. They point to the numerous farmers and communities of indigenous peoples that are expelled from their lands for mining and palm oil plantations.

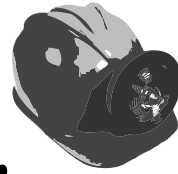
This dossier maps out the situation in the mining industry, dairy and palm oil sectors and looks at the possible implications that the FTA will have for those sectors.

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Design: Ricardo Santos

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Colombian coal in the European Union: free access, free exploitation

In the Colombia-EU FTA, nothing has been defined in relation to coal, as coal is already allowed to enter this market freely due to the EU's interest in guaranteeing its energy supply.

Characterisation of the coal business

Coal generates 40% of the world's electricity and it is predicted that it will continue to do so for at least the next 30 years. It is a commodity produced by 56 countries and therefore, its price is tied to international trade on the main stock markets. This is an exogenous factor that Colombia is not able to define, as national production only represents 1% of the world coal production.

The largest producers consume almost all of what they produce. At the global level, only 18% of all coal produced is traded. Colombia, on the other hand, exports 94% of its coal, which indicates the primary and export-oriented nature of its national productive apparatus.

The EU is the third largest consumer in the world, behind China and the U.S. (13.4%; 47% and 15%, respectively). These three major powers together consume 76% of the world's coal.

In 2009, world coal reserves totalled 826 billion tons, of which **Colombia held 0.8%, with 6 668 million tons**. As is the case with oil, the country is producing at a higher rate than what was originally estimated in terms of the duration of its reserves, which will result in a more rapid depletion of the resource.

In 2008, Colombia exported 5.416 billion dollars worth of the mineral, which represents

two-thirds of the total mining sales and the equivalent of almost half of oil exports.

Coal exports tripled in the last five years and went from 6.54% of the country's total sales in 2000 to 16.5% in 2009. The European Union is the main destination for Colombian coal exports.

A third of the total Foreign Direct Investment that arrived in the country in 2009 was channelled into this sector, which, together with the fossil fuel sector, represent **77% of total FDI**. In 2009, 56% of total sales of the mineral were with the EU, followed by the United States, with 17% of sales.

The biggest amount of coal is extracted from the Guajira and Cesar departments. **97% was done by five foreign companies**: BHP Billiton, Anglo American and Xstrata (Glencore), which are part of the El Cerrejon consortium in Guajira, the largest mine in the country, plus Drummond and Glencore in Cesar. Of all the coal produced in these departments, **67% was extracted by European transnationals**. Almost 100% of coal in the Colombian ground is extracted by foreign companies.

An important part is dumped by using tax havens in order to avoid paying taxes: between 2006 and 2009, according to the Colombian Ministry of Mining's own data, some 25 million tons left the country on its way to the Falkland Islands and the Cayman Islands.

Given the special investment regime that mining corporations benefit from, **Colombia is the country with the lowest operational costs on the continent**, with enormous tax breaks and an abundant cheap labour supply. In the case of coal, the exemptions the State offers are the equivalent of 41% of the royalties and taxes to be paid by the companies.

The hidden side of the business

Of all the revenue from exports, Colombia is only left with the negative environmental, social and economic effects and the depletion of its reserves. **It does not even keep the royalties**, since companies like BHP Billiton and Drummond, as the Colombian Auditor General has demonstrated, **do not pay what has been established by law**.

There is no norm or clause in the FTA that allows the State to control these companies or hold them responsible for the environmental damages caused once the mining activities have been concluded. On the contrary, the multinational corporations can file a suit against the Colombian State if it refuses to issue an environmental licence for a mine, arguing that such a refusal is an unjustified restriction on investment¹.

So far, the effects of mining in the productive regions have been devastating: **displacement of indigenous communities, elimination of their ways of life, alteration of the course and the contamination of water sources, reduction of land for agriculture and expropriation of land for mining use**.

El Cerrejon and the Rancheria River: more exports, less development for the Wayúu people²

“The mining locomotive is about to swallow up the Rancheria river, in Guajira. There will be an intervention on no less than 68 000 hectares situated around a 20-kilometre stretch of the river bed, which will result in the river’s deviation and, in turn, put the lives of thousands of indigenous people, Afro-Colombians and inhabitants in various municipalities at risk. We are talking about 33% of a desert-like territory, which depends on this river for its subsistence. There are coal reserves in the riverbed and MPX, the Brazilian multinational, cannot wait to begin exploiting the mineral. The river has become a barrier to the desert and now an icon for stopping the energy and mining locomotive.”

“The deviation of the river’s course **would also put the farming activities and the social and cultural fabric** of a dozen indigenous and peasant farmer communities settled on its banks in danger.

“**Multinationals’ power to corrupt seems unstoppable**, as has also been seen in the case of the Barrancas municipality. There, the Council had archived an agreement that sought to modify the zoning regulations, as it would be harmful and against the community’s interests. However, El Cerrejon succeeded in getting the mayor and a group of town councillors to expand the mining zone”.

1. This happened in El Salvador, in the Taladron mine case, where after 50 years of extraction, the San Sebastian river dried up. “The Commer Group transnational corporation from the United States has used the FTA with Central America to sue the State of El Salvador for 100 million dollars, arguing that it is hindering trade by not issuing the environmental permit for further exploitation of the mine.
2. Excerpts from: Victoria, Carlos. Río Ranchería a merced de las locomotoras mineras. September 26, 2011

“Through multiple legal, media and social strategies, the BHP Billiton, Anglo America and Xtrata transnationals - owners of El Cerrejon, which monopolizes 40% of the national production - **have intervened in 11 700 hectares, of which only 2 700 have been recuperated environmentally.** The 2014 production target has been set at 60 million tons, almost twice as much as what was being produced in 2009. Last August 9th marked the 10-year anniversary of the eviction in Tabaco, in the Hato Nuevo Municipality, which has become the symbol of the advance of open-pit mining: That is where collusion of authorities with foreign companies was patented.”

“Faced with the social, economic, environmental and cultural damage left by coal mining, the community from the El Zahino Wayúu reserve, located South of Guajira, categorically decided during a public consultation organized by the Ministry of the Interior that *“... on our ancestral territory, neither the construction of a railway line, nor the exploration or the exploitation of oil or carbon deposits by any company that affects us in a general way be allowed”.*”

“...the economic and social impacts of large-scale mining are nothing compared to expectations and discourse on the “development and progress” of the territories where the ground is being exploited. In the Guajira case, they are severe: drinking water is available 24 hours a day to only 74% of the population in the municipalities and only 56% has sewage services - indicators that are also associated with the damage caused by corruption. **In this region, mining only generates 10% of jobs.** In fact, as Gonzalez claims, the mining-energy locomotive and the financial sector are the ones that generate the least employment and, at the same time, it does not have links with the agriculture and livestock sector and it destroys ecosystems.”

“The Wayúu (native people from the Guajira department) also do not find work in El Cerrejon, which prefers to hire foreigners. In fact, only 1% of the El Cerrejon’s labour force belong to the Wayúu community in a department where 45% of the population is indigenous”³.

The European Union’s energy supply policy must respect peoples’ rights and nature wherever the fuels they import are produced.

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European Union-Colombia Multiparty Trade Agreement

Assessment for Indigenous and Afro-Colombian Peoples and Women They negotiated without your voice, they are getting rich at your expense

In its assessment of the negotiations, the Colombian government highlights the benefits that this Agreement or FTA will generate⁴

“There are many advantages: new and bigger market opportunities, to be able to establish new linkages in the production and supply chain; have the possibility of establishing productive and trade alliances; count on having more clients and more consumers; be able to offer better conditions in order to attract investors; and, of course, offer Colombian consumers greater options for their purchases and better prices.

In general, Colombian consumers and our companies will also benefit from the gradual elimination of tariffs in Colombia on raw materials, inputs, intermediate goods, as well as final consumption goods.”

As such, it highlights the results of the negotiations for a few specific productive sectors. The government does not identify the impacts on the population in general - not for sectors or groups such as indigenous peoples, Afro-Colombian communities, peasant farmers or women. Colombia’s foreign trade policy does not reflect their interests, nor does it respect their rights.

The objective of the negotiations was to strengthen the trade relation that already existed with the European Union, which can be characterized by the exportation of raw materials and attracting foreign investment by offering more guarantees

for multinational corporations’ operations. This policy is based on the conviction that economic growth necessarily reduces poverty and inequality. However, Colombia’s economic history shows that this is not the case:

- In Colombia, around 1.5 million people – or 13% of the population – live in extreme poverty (families whose monthly income is approximately 47 dollars).
- In 2011, 49.2 per cent of employed people had incomes that were lower than USD 303.
- In 2011, 43.6 per cent of the population worked in the informal sector.
- 73.1% of farm workers earned less than one minimum wage.
- Five million people have suffered from forced internal displacement, the majority of them being women and children.
- Colombia is the most dangerous country in the world to practice trade unionism.
- At least 35 of the 87 indigenous peoples who have been officially recognized by the Colombian State run the risk of physical or cultural extinction due to armed conflict and displacement.
- Economic growth, which in some years reached 7%, has not succeeded in significantly reducing poverty. Poverty continues to affect almost 50% of the population.

4. The Abc’s of the Trade Agreement with the European Union [Abc del Acuerdo Comercial con la Unión Europea]. <https://www.mincomercio.gov.co/publicaciones.php?id=18046>

The multiparty agreement was negotiated without the voices of Colombian organizations and social movements – that is to say, behind their backs. Their needs, rights and concerns were not taken into account. At the end of the negotiations, they are the big losers. The government does not

say anything about them. The situation of the indigenous peoples, Afro-Colombians, peasant farmers and women cannot be resolved with an Action Plan. Therefore, to ratify the agreement is to legitimize inequality, poverty and exclusion in Colombia. Let us consider the following:

On African Palm in Colombia:

- In Colombia, the commercial use of palm was introduced by the United Fruit Company in 1945. Currently, 316 402 hectares have been planted in African palm trees, of which 201 040 is being used for production and 115 362 is in development⁵.
- Palm production has generated **conflicts with peasant farmers, indigenous and Afro-Colombian communities, as well as the violent repression of trade unions**. See the map.
- Colombia is the number one palm oil producer in Latin America and the fourth largest in the world.
- Europe is the main destination for crude palm oil.⁶ The European Union is the second largest importer of palm oil. The Netherlands and Germany are major exporters of the oil once it has been refined.
- There are employers' associations, such as Fedepalma, the National Federation of Palm Oil Growers (Federación Nacional de Cultivadores de Palma de Aceite) and Fedebiocombustibles, the Colombian National Biofuels Federation (Federación Nacional de Biocombustibles de Colombia), which represent business' interests and receive support and incentives from the government. Indigenous, Afro-Colombian and peasant farmers' organisations, on the other hand, are stigmatized, as it is alleged that they are part of the "guerrilla" and thus, repressed.
- The Colombian government has promoted the expansion of palm oil production, as per the Inter-American Development Bank's recommendations (IADB) and with USAID's support. For this, they have developed the normative framework that is needed, given political support to employers' associations, **abstained from investigating denunciations of human rights violations associated with the expansion of the plantations thoroughly**, used the Army to ensure the security of productive zones and protect landowners, and negotiated free trade agreements to guarantee exports.
- **Paramilitary groups have been linked to the process to expand palm oil production.**

5. Data was extracted from: www.portal.fedepalma.org

6. Mingorance, Fide. The Flow of Palm Oil between Colombia and Belgium/Europe. Moving towards a Human Rights Perspective (El flujo del aceite de palma Colombia-Bélgica/Europa. Acercamiento desde una perspectiva de derechos humanos). Ed. Human Rights Everywhere y Coordination Belge por la Colombie. Bruselas. November 2006

Why have palm producers benefitted from the FTA?

"With the Agreement, free access for raw and refined oil was won. For the edible oil sector, one rule of origin was agreed upon. According to the rule, preferential tariffs will be assigned to oils from vegetable, animal or mixed origin that have been refined from native raw oil, which was in Colombia's interest."⁷

Colombia was successful in this area because...

In its strategy to secure its energy supply, the EU has been preparing to substitute the use of fossil fuels with biofuels or other renewable fuels for transport. The 2003/30/CE Directive of the European Parliament and Council, dated May 8th, 2003, establishes targets for this substitution: 2% by 2005, 5.75% by 2010, reaching 20% by 2020. Therefore, it is in the EU's interest to facilitate the importation of this agrofuel.

Who has lost out from the African palm's success?

Humanity: "According to some calculations, it is estimated that to produce ten per cent of fuel for transportation, developed countries would need to use **40 per cent of their arable land**"⁸.

Workers: The International Labour Organisation, the ILO, has stated in relation to work in the African palm production sector, "In keeping with this lack of protection of their rights, plantation workers are considered to be some of the agricultural workers who are exploited the most and have the highest poverty rate"⁹.

Farmers, indigenous and Afro-Colombian people: "Analysts and the media have called the appropriation, usurpation and pillaging of land by self-defence groups (33%), guerrillas (17%), drug traffickers, emerald dealers, landowners, some palm growers and other actors the '**counter-land reform**' and the '**para-reform on land**'"¹⁰.

"... it is well known among people in the community that some businessmen and palm growers here in the municipality, the majority of which are not from here, **collaborate, with money, in the funding of paramilitary forces** ... in Congal Alto, paramilitary troops invite Afro-Colombians to plant palm trees and coca..."¹¹

7. Ob. Cit. ABC

8. "The Next Oil" ["El próximo petróleo"], Revista El Semanal, Spain, September 18, 2005

9. web www.wrm.org

10. Procuraduría General de la Nación. Follow up on the public policies in the area of demobilization and re-insertion [Seguimiento a las políticas públicas en materia de desmovilización y reinserción], June 2006, *Tomol*

11. Observation Mission on the Situation of the African descendent communities in Colombia. Bogotá, Colombia, June 2002

“The paramilitary groups recognize their responsibility in the expulsion of Afro-Colombian communities from their land and their forced displacement in favour of palm production¹²:

‘...In Urabá, we have palm plantations. I myself found businessmen to invest in these projects, which are long-lasting and productive...’. Vicente Castaño, leader of the United Self-Defence Forces of Colombia (Autodefensas Unidas de Colombia), in an interview with the Semana magazine, June 5th, 2005.

Rodrigo or Double 00, head of the Bloque Metro paramilitary group in Medellín: **“the African palm projects south of the Uraba banana zone are dripping with blood, misery and corruption.** The way that the land has been acquired and the money that was supposedly lent by organizations promoting agroindustry are part of a chain of money-laundering by drug traffickers, frontmen, forced displacement, death and violence”. El Tiempo, September 1st, 2003.

Miguel Arroyave, “...The self-defence forces live off of whatever is under their influence in the region. That is why, analyzing this trend, we have initiated a transformation process in these zones. For example, in the Llanos Orientales, we are planting African palm ...” El Espectador, August 29th, 2004.

“To the lack of union freedom and freedom of association in some plantations, one can add a **“labour peace” achieved through violence.** An increase in the competitiveness of

Colombian palm oil that is based on a decrease in labour costs resulting from armed violence is inadmissible.

The compounds the large companies and extractors have set up have encouraged the creation of associated workers’ cooperatives or small producers’ cooperatives.

This translates into lower labour costs, decreases in social expenditures and health coverage and, therefore, an increase in companies’ competitiveness. Small producers, on the other hand, have seen how their salaries have fallen, have to pay for their health costs and have been left without the capacity to negotiate with the oil extraction and commercialisation companies.

The agro-industrial plantation productive model is diametrically **opposed to the indigenous peoples’ life plans, production methods and understanding of the territory.**

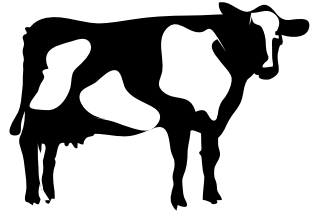
The loss of the ecosystem, rivers, streams and physical references, of sacred and spiritual references; the loss of the food system and its replacement with another trade and productive system in which they are proletarianized as plantation workers; the unavoidable arrival of workers, strong foreign investments and armed groups that keep watch over, control and subdue any form of dissidence or protest all lead to the physical, political and cultural disintegration of the affected indigenous people and their disappearance as peoples.”¹³

ASSESSMENT: The success that the palm growers will enjoy is based on land grabbing, the displacement of Afro-Colombian, indigenous and peasant farming communities, as well as the sacrificing of trade union leaders.

12. Revista Semillas. December 2006

13. Ibid. Mingorance, Fidel

Chronicle of a Death Foretold



Which dairy producers have benefited?

In the 27 States that are part of the EU, there are 785 000 producers

Production in the European Union has increased to 150 million tons per year, almost 24 times that of Colombia

In the European Union, the model for feeding cattle is based on grains

In the European Union, there are 23.7 million milk cows

96% of the European Union's milk production is destined for the dairy industry, whose main export product is whey.

Per capita milk consumption in the European Union is 382 kg per year.

The European Union exports 975 tons of all dairy products, which is 61 times Colombia's total amount

Which dairy producers have suffered losses?

In Colombia, there are 395 900.

Colombia produces 6.43 million tons. Europe produces in 14 days what Colombia produces in an entire year.

In Colombia, cattle are fed on pastures. Extensive livestock production leads to a greater concentration in land ownership

In Colombia, there are approximately 4 million dairy cows.

In Colombia, only 47% of production is destined for the dairy industry. Therefore, its main export product is milk.

Per capita milk consumption in Colombia is 138.9 kg.

Colombia exports 15.9 tonnes

The European Union does not import whey.

Colombia imports 8.13 tons, mainly of milk powder/whey, which is the raw material that could affect the transformation and value-adding processes and weaken national production the most, while, at the same time, influence eating habits and cultural traditions.

The support per litre given to producers in Colombia is 10 times less than that of Europe (93 billion Euros), where a part of the amount goes directly to the livestock producer, exports are subsidized and the State intervenes in the market in various ways, such as through the quota system and public grain reserves, among others.

The Colombian government's policy on the FTA with the European Union - enshrined in the CONPES 3675 document, from July 15, 2010 - adapts the public dairy policy to fit the objectives of European corporations in terms of the modes of producing and consuming milk, and redefines the Colombian dairy sector's traits to suit foreign interests.

ASSESSMENT: The clauses agreed upon in the FTA do not contemplate special and differential treatment for the weaker country; on the contrary, all concessions were awarded to the strongest.

With regards to the entry of milk and its derivatives, the FTA's sanitary and phytosanitary norms impose the strict system in place in the European Union. By subscribing to the WTO-SPS norms, **it imposes industrialized milk as the only kind of milk that is allowed to be commercialised**, transported, distributed and consumed. The Treaty, then, means **the disappearance of the popular dairy chain**, which will not be able to withstand competition from imported dairy products. The EU's offer to provide 6 million euros to restructure the Colombian production system is not enough to overcome asymmetries.

Colombian consumers will also lose out, given that in order to offer lower prices, companies will innovate to create products for low-income consumers, sacrificing the nutritional aspects. This means a **simultaneous loss of food security and food sovereignty**.



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