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Colombia's government finished negotiations with the US, joining Peru as the second country to sign the Andean Free Trade Agreement (AFTA). Colombia sought to maximize its role as a key US military and political ally, holding intense negotiations throughout February. The US and Colombia announced an end to negotiations on Feb. 27, with many agricultural-industry heads and editorial writers in Colombia expressing dismay at the concessions their government had made.

Government spokespersons praised the deal as an opportunity for large economic growth in both nations. Peru and Ecuador were also part of AFTA talks, with Peru unilaterally completing its deal with Washington in December (see NotiSur, 2006-01-13) and Ecuador still conducting negotiations. Bolivia has been attending talks as an observer, but it will not be able to enter into AFTA, and, if the newly inaugurated government of President Evo Morales wants an agreement with the US, it will have to negotiate bilaterally (see NotiSur, 2005-05-20).

Soy producers in Bolivia have strong fears that the AFTA deal will cut off their ability to sell to the US market, and they are pressuring Morales, an avowed socialist, to negotiate a free-trade agreement (FTA) with Washington. The opening of market access for Peru and Colombia has put pressure on industries in smaller economic powers like Ecuador and Bolivia, although broad popular opposition in those nations could play a greater role in blocking agreements.

Colombia holds on to mostly duty-free access to US market The US and Colombia finally resolved difficult farm issues that kept negotiations going for nearly two years, both countries said. The pact, which must be approved by both congresses, strengthens economic ties between Washington and Bogota, which already receives billions of dollars in US aid to fight leftist insurgents linked to the Andean country's cocaine trade.

"The agreement will help foster economic development in Colombia, and contribute to efforts to counter narco-terrorism, which threatens democracy and regional stability," said US Trade Representative (USTR) Rob Portman in a statement. It also "will generate export opportunities for US agriculture, industry, and service providers, and help create jobs in the United States."

Ecuador, Peru, and Colombia have duty-free access to the US market for most of their goods that expires at the end of this year. The deal with Colombia, like the one with Peru, locks in and expands that duty-free access. In exchange, Colombia will immediately eliminate tariffs on nearly 82% of US industrial goods and phase out the rest over ten years. Many US farm and food products, like high-quality beef, cotton, wheat, soybeans, apples, peaches, and frozen French fries, also get immediate duty-free treatment.

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Colombia agreed to allow trade in remanufactured goods and will join the World Trade Organization (WTO) Information Technology Agreement. "Since many products from Colombia already enter the US market duty free under the Andean Trade Preference Act (ATPA), the agreement will level the playing field and make duty-free treatment a two-way street," Portman said. "Colombia wins with this deal," said Juan Carlos Echeverry, head of the economics department at Bogota's University of the Andes. "The possibility of attracting foreign direct investment (FDI), importing cheap cereals, and opening the American market to our exports fully compensates for any shortcoming that the agreement has for agricultural sectors such as poultry, rice, and sugar."

Congress could vote on the Peru agreement before its August break and consider the Colombia pact at a later date, said deputy US trade representative Susan Schwab. Uribe goes to DC to get some flexibility Colombia's President Alvaro Uribe headed to Washington, DC, the week of Feb. 13 to speed up the talks and get some flexibility from the US.

Final negotiations during the last two weeks of February focused mostly on a handful of agricultural issues. Bogota argued it needed favorable agricultural terms to keep jobs in the countryside as it tries to stamp out drug trafficking and a four-decade-old insurgency. The deal allows Colombia to ship an extra 50,000 tons of sugar to the US in the first year of the agreement under a quota that grows 1.5% annually. That comes in well shy of the extra 500,000 to 1 million tons Colombia had sought.

Nonetheless, US sugar producers expressed concern about the pact, which they said would triple Colombia's access to the US market in the first year. Colombia agreed to open its market to US chicken quarters the leg, thigh, and part of the back by setting an initial quota of 26,000 tons and phasing out the above-quota tariff over 18 years. Jorge Enrique Bedoya, executive president of Fenavi, a Colombian poultry-trade association, said the deal could wipe out the Colombia poultry industry "in a couple of years." The pact also establishes a 79,000-ton quota for US rice, with the above-quota tariff phased over 19 years.

The USTR and Colombian government spun the agreement as good news for the poultry industry in Colombia, with Schwab praising the deal that would "lower the cost of entry for inputs for industries like the poultry industry in Colombia. Corn, yellow corn from the United States, will go in in big quantities. That will make the price of poultry in Colombia more competitive, help their poultry industry. So while we're helping our corn industry, they're helping our poultry industry."

Trade between the US and Colombia was US$14.3 billion in 2005. The Andean nation of about 43 million people was the second-largest US agricultural market in Latin America in 2005, behind Mexico. "Free trade" equals protection for US investors, patents Under the deal the two governments worked out, US investors receive protections along with patent holders, something of particular concern to Colombia's pharmaceutical industry and health-care-access advocates.

A USTR release stated that, "The agreement establishes a stable legal framework for US investors operating in Colombia. All forms of investment are protected under the agreement. US investors will enjoy in almost all circumstances the right to establish, acquire, and operate investments in Colombia in an equal footing with local investors. Investor protections will be backed by a

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transparent, binding international arbitration mechanism." The agreement, said the USTR, provided "improved standards for the protection and enforcement of a broad range of intellectual property rights, which are consistent with both US standards of protection and enforcement, and with emerging international standards.

Such improvements include state-of-the-art protections for digital products such as US software, music, text, and videos; stronger protection for US patents, trademarks and test data, including an electronic system for the registration and maintenance of trademarks; and further deterrence of piracy and counterfeiting by criminalizing end-use piracy."

Writing in Bogota daily El Tiempo, German Umana Mendoza of Colombia's Universidad Nacional said the agreement "broadens monopolies" through patent rights and intellectual-property restrictions. This, he said, "decreases the possibility to incorporate technical progress. Furthermore, it decreases and makes more expensive access to the medications, agrochemicals, information technology, and it strengthens controls against piracy." Biopiracy was a primary concern of opponents to the agreement, since Colombia's forests host some of the most biodiverse ecosystems in the hemisphere.

Umana Mendoza wrote, "The possibility of patenting plants and animals is open. That so, there are not protections norms against biopiracy nor against the expropriation of traditional knowledge." While Portman talks about a level playing field, critics of FTAs point out that they are pitting an economic colossus against peewees. "It is an asymmetrical treaty," said Umana, "favorable to the US, inequitable and not reciprocal. In Colombia the multinationals, the importers, and a very few exporters win. The losers: everyone else, but above all the nation, as a whole."

Also in the pages of El Tiempo, opinion writer Andres Hurtado Garcia wrote that he did not know whether the members of the trade-talks group headed by Commerce Minister Jorge Humberto Botero were "negotiators or traitors." "The North American investor will have access to our genetic resources," said Hurtado. The investor "will carry away the royalties and, as if that weren't enough, he will have that privilege in exclusivity and will be able to limit Colombians' access to their own resources." He pointed to the examples of cinchona bark, ayahuasca, maca, colored cotton, and others, where he said it had already happened.

Pharmaceutical patents could potentially limit Colombia's vast population of poor people from being able to buy medicines, say health-care-access groups. But Schwab said Uribe personally worked with Catholic Church officials from Colombia on the issue. She said church officials "had expressed some concerns about the potential intellectual-property provisions impact on access to medicines, for example, and (Uribe) worked through with them the reassurances that they were seeking that this would be a benefit and not a detriment. It was a really fantastic experience watching this brilliant thinker and politician working on this issue and working with his constituents to make sure they were comfortable with the FTA provisions."

The restrictions on generic medications stated that a Colombian laboratory could register a medicine that had already been on the market for five years and would have another five years without

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competition. The measure will restrict the entry of new generic medicines that could be cheaper alternatives for patients and the public health system. Colombia accepted lengthening the duration of patents and gave the same protection to agrochemicals, but with a patent length of 10 years.

Reportedly, Colombia could break patents and manufacture generic drugs in certain cases "to protect public health." Alberto Bravo, president of the national pharmaceutical association Ansifar, said the agreement's pharmaceutical standards and WTO parameters on medicines would "reflect less competition and the increase of prices for consumers." Colombia also agreed to eliminate measures that require US firms to hire national rather than US professionals and phase out market restrictions in cable television. The latter agreement drew protest from the nation's television industry. Likely opposition The deal is likely to face some opposition from various US and Colombian groups.

US labor unions, which joined with sugar growers and textile makers to slow passage of the Central American Free Trade Agreement (CAFTA) last year, have complained about Colombia's anti-union tactics. A US State Department report on human rights in Colombia last year said, "paramilitaries continued to commit numerous political killings including of labor leaders" with impunity. Colombia has been recognized as one of the world's deadliest places to be a labor organizer. And Colombians have expressed concern about the effect an increase in agricultural imports from the US will have on domestic farmers.

Colombian officials say US farm subsidies allow American producers to undercut Colombians, potentially forcing many farmers out of work and into the drug business.

"Although the trade agreement is supposed to help in the fight against drug trafficking, poor farmers who cannot sell their corn and rice will have few other options but to grow coca to survive," said Stephanie Weinberg, a policy adviser at Oxfam America, a foreign-aid advocacy group. The poultry industry and cereal producers also said their constituents would be squeezed out of the market by US competition, much of which is subsidized by the US government.

Uribe has announced payment plans for the "losers" in the deal, to try to give economic support to those displaced by US competition, although a number of analysts doubt that the subsidies will do enough to ameliorate the effects of the deal. Uribe's government argues that some industries will suffer in the implementation of AFTA, but the net economic expansion will ultimately exceed the losses.

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