



# Is the Trade Agreement Between the EU and Colombia Coherent with European Support for Peacebuilding?

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## 1 INTRODUCTION

Trade agreements between central and peripheral countries or regional groups with very different commercial and productive specialisations have been in operation for several decades. The first great impulse initially occurred on the initiative of the government of the United States of

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America (USA) in the 1990s with its promotion of Free Trade Agreements (FTAs), the majority with other countries of the Americas. Subsequently the European Union (EU) also signed Association Agreements (AAs) with diverse Latin American countries.

In this way different individual economies or integration projects in Latin America became preferential partners of the USA and the EU. Following Mexico and other Central American countries, several countries from the Andean region entered the logic of signing commercial agreements for the creation of free trade areas, first with the USA, and more recently with the EU, although in the latter case on the basis of a model with certain specific differentiating features.

Thus, the European authorities have placed special emphasis on generating and exhibiting a wider vision than that of the FTAs, for which purpose they have created a discourse and a model based on three pillars (economic, political and cooperation), as well as a different name for such agreements.

As in the case of the FTAs, the EU has promoted these agreements with other regional groups as a priority, but where this has not been possible it has taken recourse to bilateral agreements with some countries in an individual form. That was initially the case of the agreements with Mexico and Chile, signed in 1997 and 2002 respectively, which do not belong to any regional economic integration groups in Latin America; with Peru and Colombia, in 2012; and with Ecuador in 2016, after encountering difficulties in signing an agreement with the Andean Community (CAN).

In the particular case of Colombia, although its economic and political relations with the USA, including the establishment of trade agreements, were earlier and have a priority character, it is clear that the EU has not abandoned the idea of becoming a leading partner in relations with this Andean country in a series of highly varied fields, especially in trade and support for the peace process that is underway.

The aim of this chapter is to analyse the main characteristics and consequences of the Trade Agreement signed in 2012 between the EU and Colombia, as well as its future perspectives in the current context. We enquire about the point to which this Agreement might work in favour of improving certain indicators linked to these foreign relations in the case of Colombia, as well as contribute to its greater productive diversification, reduce its primary export dependence, and improve the living conditions of its population, especially in the rural areas and territories most affected

by the conflict. Similarly, this text enquires about the coherence<sup>1</sup> of the Agreement with respect to other policies promoted by the EU, in particular in the area of cooperation, in the context of the broad support given to ending the root factors that generate conflict and promoting lasting peace in the country; all of this, moreover, in the context of the recent electoral victory of a progressive candidate in the country's presidential election for the first time in its history.

To that end, this text begins with a brief review of the main antecedents in the EU's relations with Latin America, the Andean region and with Colombia in particular. Next, it analyses the EU's Trade Agreement with Colombia and its most salient aspects. Subsequently, it studies the evolution and current state of the economic relations between the EU and Colombia in terms of trade and investment. Finally, it examines the coherence of the agreements in relation to other policies promoted by the EU in Colombia in the framework of peacebuilding.

## 2 ANTECEDENTS AND LOGIC OF THE AGREEMENT BETWEEN THE EU AND COLOMBIA

In the late 1990s the European Union began to promote Trade Agreements with different Latin American countries and regional groups. All of this evinced a significant change in its earlier framework of relations with the region's countries, given that since the 1970s this framework had been limited to the concession of unilateral preferences for developing economies not belonging to the ACP (Africa, Caribbean and Pacific) group through the system of the Generalised System of Preferences (GSP). This approach was extended every ten years until the so-called GSP + came into effect, which conceded more favourable conditions to more vulnerable countries whose governments were willing to sign a series of international conventions considered essential by the EU.<sup>2</sup>

<sup>1</sup> The coherence of policies can be analysed from different perspectives and on the basis of different dimensions (see Gutiérrez et al., 2017; Martínez & Martínez, 2012; Unceta et al., 2015). Here, we concentrate on analysing the coherence between different EU policies towards Colombia, principally trade policy and that of development cooperation.

<sup>2</sup> These international conventions (27) are established in fields such as human rights, employment rights, the environment and good governance. Amongst the countries benefiting from the current GSP + (in effect until the year 2023), only one, Bolivia, belongs to the Latin American region.

This new direction in the framework of the EU's foreign relations with respect to Latin America, beyond the EU's own conviction and the impulse that it provided, is also largely explained by the need to adapt to the regulations of the World Trade Organisation (WTO). Since its foundation in 1995, this organisation has restricted the use of non-reciprocal preferential treatment to the Least Developed Countries (LDCs); in Latin America only Haiti belongs in this category at present.

In this context, the European Union has signed diverse AAs with Latin American countries and regional groups, characterised by three basic pillars: trade, cooperation and the corresponding political dialogue. In trade terms, AAs promote the formation of free trade areas that result in the liberalisation of the trade in goods under a variable geometry approach involving different speeds. However, for the case of sensitive agricultural products there are notable exceptions, without forgetting the different distortions generated by subsidies to the agricultural sector of the EU.

Equally, and in a form that is coherent with the logic of expanding and deepening the WTO's agenda,<sup>3</sup> the agreements promoted by the EU also include provisions on liberalisation of the trade in services, protection of intellectual property, public procurement, policy of competition and investments. In addition, to the breadth of issues covered in these agreements must be added their expansive character, which, through the resource of progressive clauses, or of future revision of those yet to be negotiated subjects that figure in the general provisions, widens the potential of activity of these agreements (UNCTAD, 2018).

Similarly, in keeping with its pragmatism, the EU has recognised that the great heterogeneity of Latin America makes it necessary to have different models of cooperation with each country or group of countries, which has materialised in a broad range of agreements. The first agreement of this type was signed in 1997 with Mexico, subsequently renewed in 2016. Chile has had an agreement since 2002, in the process of revision since 2017. The negotiations with MERCOSUR began in the year 2000, and were re-launched in 2016 after several interruptions, favoured by the changes in the governments of Argentina and Brazil (Marchini, 2018), until the agreement was finally achieved in 2019.

<sup>3</sup> The specialised literature is referring to this reality when it employs expressions like WTO-plus or WTO-extra.

In 2010 the negotiations of two further agreements were finalised, an AA with Central America and a Trade Agreement with Colombia and Peru, both signed in 2012. The negotiations with Colombia and Peru began in the CAN as a whole<sup>4</sup> in 2007, but the impossibility of maintaining a joint position on the side of the CAN resulted in their suspension. Bolivia abandoned the negotiations in 2008 in disagreement with the lack of flexibility on the EU's side and the treatment afforded to aspects like intellectual property and biodiversity.<sup>5</sup> Ecuador also withdrew from the negotiations in 2009 over differences with respect to immigrants' rights, the agreements on investments and the "banana conflict",<sup>6</sup> although it subsequently adhered to the Trade Agreement. In the face of so many difficulties during the negotiation process, the EU proposed the possibility that the Andean countries could negotiate the commercial part of the AA independently if they considered this convenient, which led to the signing of the Trade Agreement with Colombia and Peru in 2012, which was finally joined by Ecuador in 2016 (Bodemer, 2019; European Commission, 2016; European Union, 2012).

While the EU prioritised an AA-type interregional agreement for the CAN as a whole, as had materialised in the cases of Central America and more recently MERCOSUR, the diverse difficulties described above and the fact that the USA already had prior FTAs with Colombia and Peru individually, did not help to make a group agreement possible. Similarly, the negotiations with Colombia were less difficult, given that, facing its intention to join<sup>7</sup> the Organisation for Economic Co-operation and

<sup>4</sup> Nor did the fact that Venezuela left the Andean Community (CAN) and joined MERCOSUR in 2006 help in the process of joint negotiation of an AA with that regional group.

<sup>5</sup> Bolivia, which at present enjoys GSP + status, could also join the agreement should it consider this opportune at some moment.

<sup>6</sup> This conflict arose in the field of the WTO as a result of the preferential treatment given by the EU to its former colonies in the ACP group, to the detriment of some Latin American economies and US export companies. This conflict was ended by an agreement in 2009, ratified in 2012, by means of which the EU committed itself to lowering customs tariffs (previously the quotas as well) on bananas of Latin American origin to "acceptable" levels. Until it was resolved, the conflict had created complications for relations and for reaching agreements between the EU and different countries in the region (Gómez, 2022; Schade, 2022).

<sup>7</sup> Colombia began the process of joining the OECD in 2013 and officially became the 37th member state in 2020, the third in the Latin American region, after Chile and Mexico.

Development (OECD), its government wanted to avoid any possibility of conflict with the European member states (García, 2022; Gómez, 2022; Schade, 2022). All of this made it possible to advance in the bilateral logic of a trade agreement between the EU and Colombia.

### 3 PRINCIPAL CHARACTERISTICS OF THE TRADE AGREEMENT

The Agreement, which has been applied provisionally<sup>8</sup> for Peru and Colombia since 2013 (1 March and 1 August, respectively) and since 1 January 2017 for Ecuador, has as its stated goals the generation of stable and predictable conditions for improving trade and investments between the countries on the two sides of the Atlantic, the integration of their value chains, and support for the development of local companies in their regional markets with the aim of improving their competitiveness at the world level.

To that end, the two sides agreed on a process of progressive customs liberalisation of the trade flows in goods. Similarly, the text includes regulations on questions of non-tariff barriers and intellectual property rights, as well as provisions for the progressive liberalisation of the service sector, public procurement and foreign investments, for which purposes it aims to establish a secure and predictable regulatory framework that facilitates capital movement and attracts the latter to the Colombian market. The Agreement also includes a chapter on Trade and Sustainable Development,<sup>9</sup> evincing the growing EU concern about environmental matters. Similarly, the text includes the so-called “democracy and human rights clause” that, in keeping with Article 21 of the Treaty of the European Union and the logic of the pillar on political dialogue established in AAs with other Latin American countries, makes explicit reference to democratic principles, the rule of law and respect for human rights. In this sense, like the rest of the agreements signed by the EU since the 1990s, this envisions the possibility of the Agreement being immediately and

<sup>8</sup> Its definitive entry into force requires the ratification of the national parliaments of the signatory countries and of all the member states of the EU.

<sup>9</sup> This chapter includes regulations on the areas of labour (linked to basic rights and principles of the International Labour Organization) and the environment (related to the Multilateral Environment Agreements – MEA), setting certain minimums with respect to the production and commercialisation of goods and services.

unilaterally suspended in the case of “grave violations” of these rights and liberties, on the understanding that this would signify the nonfulfillment of the Agreement’s terms (European Commission, 2022; Ioannides, 2019; Zygierewicz, 2018).

With respect to trade, the Agreement has meant a significant improvement for the EU in terms of its access to the Colombian market. Previously, Colombia enjoyed preferential trade treatment in the EU in the framework of the GSP + ,<sup>10</sup> but this did not occur in the opposite direction for the EU, given that this framework is based precisely on non-reciprocity. The Agreement improves Colombia’s access to EU products, while respecting the asymmetry between the two sides deriving from their different levels of development. A gradual rhythm of liberalisation is established in the logic of a variable geometry approach, where Colombia liberalises its markets more slowly (over a maximum period of up to 17 years) than the EU.

In spite of the above, as a result of the Agreement there is an immediate liberalisation of 65% of EU exports to Colombia in the section of industrial products (machinery, transport equipment and chemical and pharmaceutical products mainly) and fishing products, with the rest becoming liberalised in a period of 10 years. In the case of some of the main EU agricultural products (dairy products, wines and other alcoholic drinks, olive oil, processed pork, etc.) access is considerably improved, while at the same time a high degree of protection is obtained for European agricultural and livestock products with geographical indications and designations of origin (Government of Colombia, 2022a).

At the same time, by means of the Agreement the main Colombian agri-food products also obtain improved access to the European market compared to the previous GSP + , which contributes to diversifying its exports beyond the traditional mining sector. Outstanding in this respect is the free access obtained by products like flowers, toasted coffee, crude and refined palm oil, the majority of fruits and green vegetables, and tobacco amongst others. Similarly, improvements are obtained in the contingents of meat and sugar, in tariff reductions on bananas, or in the rules of origin of the textile and clothing sector (Government of Colombia, 2022b). The Agreement also contributes to levelling the

<sup>10</sup> The temporary and unilateral character of these agreements became an argument in favour of the defenders of the current trade agreement, understanding that its undefined character would generate stability for commercial exchanges between the two sides.

playing field facing other Latin American competitors in the European market, with which the EU already has free trade agreements, such as Mexico, Chile, the Central American countries, and more recently the members of MERCOSUR.

Even so, the Agreement contains bilateral safeguard measures and specific stabilisation mechanisms are established for sensitive products,<sup>11</sup> like the banana, amongst others, in order to avoid an increase in their importation being detrimental to European products. In turn, while the great majority of the European products enter Colombia duty-free, there are also some exceptions, such as sugar cane and rum (Government of Colombia, 2022a; European Commission, 2019 and 2022).

Finally, the periods of liberalising the access of Colombian industrial products to the European market are shorter than those obtained in its commercial treaty with the USA. Nonetheless, the importance of this sector in its productive and export matrix (mainly linked to the textile and clothing sector) is very small, as will be shown in the following section.

#### 4 STATE AND EVOLUTION OF THE MAIN VARIABLES LINKED TO THE AGREEMENT

The relative importance of the trade relations between the European Union and Colombia is very different for each side. For the EU its trade with Colombia has oscillated between barely 0.2–0.4% of its non-EU trade according to the years in the 2002–2022 period.

However, for Colombia the EU is a major partner, although not the most important one (see Table 1). In fact, its main trade partner is the USA, with which it has had a FTA since 2006, accounting for around 28% of Colombian exports. Similarly, the progressive loss of importance in relative terms of the EU as a destination for Colombian products has been observed with concern, especially from Colombia, given that this also responds to a fall in its trade flows in absolute terms. In spite of that, the EU continues to be one of the most important destinations for Colombian goods. Concerning suppliers to the Colombian economy, the

<sup>11</sup> The EU frequently includes these measures in its trade agreements, which make it possible to temporarily annul the corresponding customs preferences in order to protect a particular national sector. Besides the banana, mainly produced in ultra-peripheral European regions, the EU establishes tariff contingents for some sensitive products like sugar, beef, sweets, sweetcorn, cows' milk, rum, mushrooms, and yogurt.



**Table 1** Colombia's foreign trade (percentage of total)

	2017	2018	2019	2020	2021
Colombian exports destined to					
EU	14.5	11.8	11.7	12.9	12.1
China	5.3	9.0	11.6	8.6	9.0
US	29.1	26.5	31.1	30.4	28.5
Colombian imports proceeding from					
EU	14.5	13.7	14.8	13.0	12.9
China	16.2	17.1	18.3	21.4	23.5
US	29.0	29.5	29.3	27.4	26.9

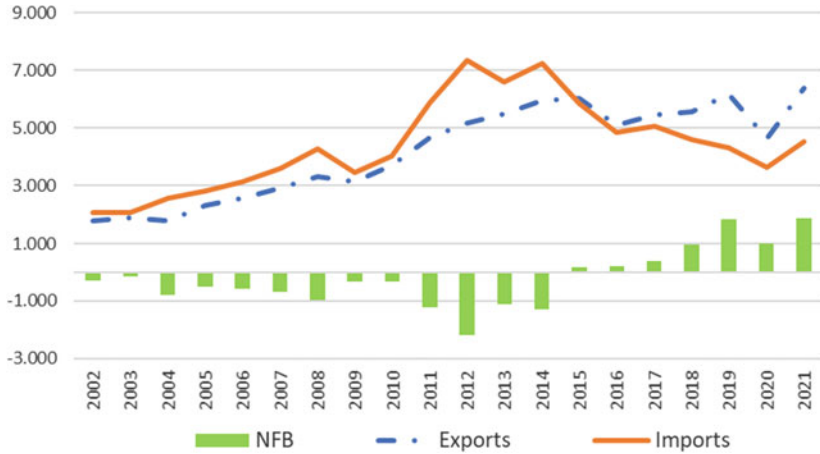
*Source* Elaborated by the authors on the basis of Trademap

EU continues to occupy third place, after the USA and China. Although a relatively important fall can be observed in this case, with a drop from 14.5% to 12.9% of total imports made by Colombia in the 2017–2021 period, this does not involve a decline in absolute trade flows, but an increase at a slower speed than the purchases made from China by Colombia (European Beaumont et al., 2019; Commission, 2019).

As can be seen in Fig. 1, the EU had a negative foreign trade balance with Colombia until 2014, the year when a growing trade surplus began, which was duly nuanced by the pandemic in 2020. The fall in European imports proceeding from Colombia explains this change in favour of the EU, which registered a trade surplus of 1,848 million euros in 2021. It should be kept in mind that this change of tendency in the trade balance occurred only a few years after the signing of the Trade Agreement. Thus, this change and the high level of Colombia's trade deficit<sup>12</sup> with the EU at present become factors to be taken very much into account when analysing the effects of the Agreement for the two sides.

Therefore, in spite of the variable geometry approach used so as to favour a slower gradual liberalisation for Colombia, the Agreement seems to have been more favourable to the EU, insofar as the new institutional framework has facilitated the growth of European exports to Colombia to a greater extent than those of Colombia to Europe. In fact, during the 2013–2021 period Colombian sales registered increases in only three

<sup>12</sup> This same tendency can be observed in the period following the signing of the FTA between Colombia and the USA, facing the fall in Colombian exports and the increase in imports (Ávila & Sánchez, 2015).



**Fig. 1** Exports and imports and Net Foreign Balance (NFB) of the EU to/from Colombia (million euros) (*Source* Eurostat)

years, as against six years of falls. This fact stands out significantly, given that the dynamic prior to the Agreement's coming into effect in August 2013 was very different. Even so, the behaviour of European exports in the 2013–2021 period involves fluctuations, but is more satisfactory.

In addition to what has been noted above, trade relations also show divergent features for both sides when an analysis is made by sectors. Thus, the EU mainly exports manufactured products, such as chemical and related products, machinery and transport material and other manufactured goods, all of which are benefitting from the gradual elimination of the tariffs linked to the Agreement. On the contrary, Colombian exports basically consist in primary products, such as foodstuffs, drinks and tobacco, raw materials and combustible minerals, lubricants and related materials, and these products fall within the few restrictions to free trade existing between the two sides.

In any case, amongst the most significant trade benefits derived from the Agreement's implementation the increase in the exportation of diverse Colombian farming products, such as vegetables, fruit and dried fruit, stands out. In turn, amongst the negative effects on the agricultural and livestock sector the case of Colombian small producers of dairy products

must be underscored, as they are competing in disadvantageous conditions with the big European producers with high levels of technification (Ávila & Sánchez, 2015; Espinosa, 2013; Fairlie, 2022; Ruiz et al., 2017).

Analysing the impact of the Agreement on the agricultural sector is particularly relevant, given that its productive activities are basically developed in the rural sphere, one of those most afflicted by the decades of conflict in Colombia. The peasant communities have been demanding viable economic alternatives for their ventures, beyond the coercive mechanisms of crop elimination; such alternatives would enable them to replace coca cultivation<sup>13</sup> with other crops and make it possible for them to live with dignity. Identified as alternatives in this framework are projects aimed at establishing commercial ventures, conservation and tourism projects, research programs, marketing chains, etc. (Bermúdez & Garzón, 2020).

While attempting to avoid the distorting effect linked to the pandemic anomaly of recent years, it is possible to observe that already in 2018 Colombian agricultural and livestock export products had come to represent the same percentage of the total as minerals and hydrocarbons (43%), previously dominant in this trade relation. This involved a tendency towards greater diversification and a reduction in the levels of concentration of Colombian exports to the EU, whose trade relations with China and the USA still continued to be very much dominated by energy-producing minerals such as coal and petroleum (European Commission, 2019; Fairlie, 2022).

However, there is a new risk that could revert this differentiation of the European trade with respect to that existing with China and the USA. The 6th packet of EU sanctions on Russia, concretely the REPowerEU Plan adopted in May 2022, establishes the gradual elimination of the imports of Russian hydrocarbons, making it necessary to seek new suppliers in at least the short and medium term, which could strengthen the petroleum exporting profile of Colombia, at least in its transatlantic relations.

Even so, and considering all of the circumstances set out so far, it should be kept in mind that the improvement in terms of a greater diversification of Colombian exports in favour of agricultural and livestock products is mainly taking place in the primary sector. Therefore it does

<sup>13</sup> It is estimated that over half a million people live from coca cultivation in the country, which is the agricultural production that occupies the greatest extension after coffee (Bermúdez & Garzón, 2020).

not contribute significantly to reducing the high primary-exporter dependence of its productive system, nor does it transform the export base of goods with little added value (Ávila & Sánchez, 2015).

With respect to the services sector, the main beneficiaries of the liberalisation linked to the Agreement on the supply side are the big European transnational companies that provide financial and insurance services, telecommunications, transport and logistics, etc. The same can be said about public procurement, where the European operators now enjoy greater access to the contracts of the national and local public administrations of Colombia, while mutual access to these markets does not enable any advantage to be taken in the opposite direction. All of this is also an example of the wide and growing surplus of the EU's balance of services facing Colombia in the 2014–2017 period, that is, following the coming into effect of the Agreement (Ioannides, 2019).

Concerning the area of investments, the EU is the main international investor in both Latin America as a whole (CEPAL, 2022) and in Colombia, centred on its priority productive sectors like mining, fuel and agriculture. Conversely, the flows of Colombian investment to Europe are negligible. As can be seen in Table 2, this situation has changed substantially over the last 20 years, to the detriment of the USA, previously the main investor in Colombia.

At the end of last century, European companies, especially Spanish ones, took advantage of the privatisation processes to acquire companies in the utilities sectors and, subsequently, fusions and acquisitions have enabled the entry of many more companies. Besides the acquisition of Colombian assets by European companies, it is possible to observe a

**Table 2** Principal investors in Colombia (percentage of total)

	<i>EU</i>	<i>United States of America</i>	<i>China</i>
2002	3.97	36.59	0.03
2005	13.57	20.96	0.02
2010	5.24	24.77	0.01
2015	24.85	18.27	0.03
2020	42.46	24.71	0.86
2021	33.85	18.50	0.88

*Source* Elaborated by the authors on the basis of data from the Banco de la República

certain process of reordering of the productive assets, insofar as European companies dispose of their participation in Colombian companies which are then acquired either by other European companies, or by non-EU companies, such as Chinese or US ones. Similarly, the growing activity by Colombian (trans-Latin) companies should be underscored, although these are essentially active in other Latin American economies. Investments by Colombian companies in Europe only occurred timidly in a few countries in a regular way between 2008 and 2012; there have been greater flows of Foreign Direct Investment (FDI) but with big fluctuations following the signing of the Trade Agreement (Zygierewicz, 2018).

It should be recalled that at the global level the WTO is negotiating a multilateral agreement on facilitating investment for development, in the framework of the logic of trade facilitation policies,<sup>14</sup> placing the emphasis on cooperation between investors and states, so that conflicts can be prevented and the contribution of FDI to the sustainable development of the latter can be maximised (CEPAL, 2022). And besides the provisions of the Trade Agreement with the EU relating to the liberalisation of foreign investments, Colombia has signed investment protection agreements with Spain (signed in 2005), the Belgium-Luxembourg Economic Union (2009), the United Kingdom (2010), now an ex-member of the EU, and France (2014), with the intention of attracting more FDI flows to the country.

## 5 IS THE TRADE AGREEMENT COHERENT WITH BUILDING A STABLE AND LASTING PEACE IN COLOMBIA?

The EU's firm support for the peace process as a negotiated solution to the conflict in Colombia as a counterweight to the vision of the USA, has become one of the main lines of work and identity features of European foreign policy and cooperation in the country (Agudelo & Riccardi, 2019). Thus, on one side, the EU's approach has been based on working with civil society, especially in the rural zones most affected by

<sup>14</sup> Facilitating investment expressly excludes the issues of investment protection and the solution of controversies that are usually addressed bilaterally in agreements signed between the two sides.

the violence of the conflict, based on what has come to be called a “territorial focus”; and on the other, the focus has been placed on confronting not the symptoms, but the structural factors that generate the conflict (social exclusion, extreme poverty and inequality).

To that end, as is reflected in other chapters of this book, the EU’s support came together with other instruments including, initially, the Peace Laboratories, subsequently, programs like *Desarrollo Regional, Paz y Estabilidad Regional* (Development, Peace and Stability) and *Nuevos Territorios de Paz* (New Territories of Peace), and after the signing of the Peace Agreement, the Fiduciary Fund (Beaumont et al., 2019; Ioannides, 2019). The majority of those resources have been channelled towards rural zones, where the impact of the conflict has been greater, with the aim of contributing to building a stable and lasting peace through promoting rural development and improving the living conditions of the peasant population in those zones.

In this general framework of support for peacebuilding by means of development cooperation between the EU and Colombia, the commercial pillar is not seen as something alien and unconnected to that logic, but as a complementary element that is coherent with it. In fact, not by chance, the first years of the peace negotiations coincided with the strengthening of the commercial ties between the EU and Colombia and the signing of the Trade Agreement in 2012. Amongst other factors, the change of Uribe’s government for that of Santos in 2012 facilitated the relations between the two sides, given the greater receptiveness of the latter to the EU’s recommendations on human rights issues and the participation of civil society and its commitment to “de-securitise” Colombian foreign policy (Bodemer, 2019).

Thus, in the EU’s discourse the policy of cooperation and the Trade Agreement form part of a joint package in which the aim, besides securing and deepening institutional relations between the two sides, is to improve the conditions of development in Colombia by promoting free trade, with the understanding that this goes together with the defence of universal values like human rights, employment rights and the environment (Zygierewicz, 2018).

However, prior to its approval, while different business groups<sup>15</sup> supported the Agreement, numerous groups from Colombian civil society

<sup>15</sup> BusinessEurope and Eurochambres and other European business associations expressed their firm support for the Agreement (Zygierewicz, 2018).

and several groups in the European Parliament, as well as the trade union confederations on both sides of the Atlantic, made clear their serious reservations about signing it. Amongst their arguments the following stood out: the weakening of the Andean Community through individual agreements; the dangers of trade liberalisation for vulnerable groups and small producers in different sectors, such as dairy farming; the Colombian government's responsibility in the high levels of persecution and murder of trade union and social leaders; as well as the conflicts linked to access to land and resources, or the forced displacement of the indigenous population in rural areas as a consequence of the spread of mining and agrofuel industries, and the latter's environmental impact (ALOP et al. 2011; Beaumont et al., 2019; Ioannides, 2019; Just Trade, 2011; TNI 2012).

In fact, even the European Commission's two reports<sup>16</sup> evaluating the impact of the Agreement, in spite of foreseeing positive effects linked to job creation and wage increases in large-scale export agriculture<sup>17</sup> and food processing, amongst others, also pointed to some of these problems. Concretely, the reports made reference to the social conflicts that would be generated in rural areas by the expansion of mining, the extraction of hydrocarbons and forestry exploitation by transnational capital (Ioannides, 2019).

In that sense, it is indeed pertinent to ask about the coherence of the EU's policies in Colombia according to the two basic and confluent pillars of its foreign policy in the country, that of cooperation, mainly focused on peacebuilding, and the economic pillar, marked by the signing of the Trade Agreement.

Thus, on one side, the liberalisation of the trade in goods as a result of the Agreement has caused a change in the historical tendency of the trade balance between the two sides, with that of the EU moving from deficit to surplus, and that of Colombia in the opposite direction. While from the perspective of consumption all of this might have a positive reading in

<sup>16</sup> These reports were published before the signing of the Trade Agreement to contribute to the debate that had arisen over the pros and cons of the latter (see Development Solutions et al., 2009; Francois et al., 2012).

<sup>17</sup> It should be taken into account that some Colombian agro-export sectors, such as the flower industry, where Colombia ranks second in the world after the Netherlands, are highly feminized, have low wages and high labour precariousness, and poses various health risks to the workers (González, 2014).

terms of consumer access to a greater range of products at a better price, from the production side this does not leave much room for doubt about which of the two sides is benefitting more from the Trade Agreement.

As noted previously, it should be recalled that prior to the coming into effect of the Agreement, Colombia already had privileged access to the European Union market in the framework of the GSP + , while European products did not have tariff reductions on entering the Colombian market. That is, the Agreement in itself entails asymmetry, insofar as it results in an improvement of the conditions for European exporters relatively greater than for Colombian ones.

It was not for nothing that the Agreement was viewed very positively by the coalitions of European companies, given the potential it holds for these companies in sectors like the chemical and pharmaceutical industry, wine and other alcoholic drinks, or telecommunications, construction, financial services and transport services, as well as in the sector of agricultural products and their processing (Zygierewicz, 2018).

Even so, in sectorial terms there has been an increase in Colombian agricultural and livestock exports<sup>18</sup> since the Agreement came into effect, as well as in the number of small and medium-sized companies that have made use of the preferential access (Ioannides, 2019; Tremolada et al., 2019). That is, beyond the fluctuations in the demand and prices of hydrocarbons in the anomalous context of recent years, the agriculture and livestock sector seems to be gaining weight with respect to the total exports of Colombia. Nonetheless, this does not mean a substantial change regarding the transformation of the country's productive matrix in inter-sectorial terms, given that no reduction has been achieved in its great dependence on the primary export sector, and that improvements in terms of diversifying or reducing this concentration are limited.

To all of this must be added the risk that the search for suppliers of hydrocarbons to replace Russia might strengthen the profile of Colombia as an exporter of natural resources even further, in spite of the fact that the recently appointed president Gustavo Petro has expressed his reluctance to continue relying on the extractive sector in general, and that of hydrocarbons in particular. In any case, for its part the EU is also increasing the percentage of primary products that it exports to the Colombian market.

<sup>18</sup> In addition to crops like coffee and flowers, this has benefitted the production of vegetables, fruit and dried fruit, while it has been detrimental to the producers of dairy products (Ávila & Sánchez, 2015; Fairlie, 2022).



At the same time, the EUs' support for rural development through different funds and initiatives might seem coherent with the increase of the weight of agricultural and livestock products in exports. However, all of this seems to strengthen the commitment to a model of large-scale agriculture principally orientated to exportation that requires huge areas of land and intensive use of resources (water, fertilisers, pesticides...), normally in the hands of big national or transnational agro-export companies. Meanwhile, the peasant population, the majority of whom are indigenous, and many ex-combatants, still have serious problems in gaining access to land,<sup>19</sup> have small-scale plots and scarce resources,<sup>20</sup> and suffer from forced displacements when the land they are using comes to be occupied by big agribusiness companies or the extractive sector. Peasant protests and strikes from 2013 onwards have made the scale of this problem clear, as well as its link to the free-trade agreements signed (Coscione & García, 2014; Cruz, 2019).

This context evinces that the problems in the rural medium are important and enduring, and that the advances made in the necessary reforms are still minimal. In fact, as expressed by the Kroc Institute for International Peace Studies, one of the organisations entrusted with monitoring and verifying the Peace Agreements of 2016, the implementation of the commitments contained in the first point of the Peace Agreement on Integral Rural Reform and the replacement of illegal crops have made very little progress up to now (Echavarría et al., 2022). It is more than doubtful that the playing field established by the Trade Agreement will contribute to improving the complex problems in the rural medium, and in particular those affecting the small peasantry.

Concerning investments, the Colombian economy is mainly a recipient of FDI flows in its relation with the EU, both before and since the Agreement, while flows to the EU have been improving, although irregularly, after its signing (Zygierewicz, 2018). Nonetheless, it is obvious that the

<sup>19</sup> The problem of land distribution amongst small farmers and close to 6 million displaced persons according to the stipulations of the Law of Victims and Restitution of Lands of 2011, is without doubt going to be a complex task given the lack of records or a property registry of the lands that were in the regions controlled by the guerrilla groups (Bodemer, 2019).

<sup>20</sup> The situation of scarce resources is especially notable in the case of rural women, whose incomes are estimated to be 33% lower than those of rural men (UN Women, 2022).

mere arrival of capital flows does not guarantee their potential contribution to the agenda of sustainable development (UNCTAD, 2020, 2021). Furthermore, the concentration of the main FDI flows to Colombia in the mining and hydrocarbon sectors and in transport and communications, finally results in big investments by extractive companies and different megaprojects that generate socioeconomic and environmental conflicts of diverse types with the respective local communities that are affected.

With respect to intellectual property rights, in spite of the references in the Agreement to cooperation in matters of technological transfer and protection of biodiversity and traditional knowledge, the dominant position of the European companies facing their Latin American counterparts in the registration of patents and brands leaves no room for doubt about the existing imbalance between the two sides. The low number of invention patents in Colombia evinces a low technological capacity, to which is added the high proportion of patents presented by non-residents as against residents. The situation of the EU is the complete opposite, that is, there is an extraordinarily higher number of invention patents, the majority presented by residents (European Commission, 2012; Zygierewicz, 2018). All of this has direct effects on the sector of technological manufactures and on that of the chemical and pharmaceutical industry, where the EU has a clear comparative advantage over its Andean counterpart.

Concerning the Agreement's chapter on trade and sustainable development, the European Commission monitors and periodically evaluates the efforts made by Colombia according to the recommendations made by the International Labour Organisation (ILO) in questions of employment rights. In that sense, nowadays Colombia has signed 61 of the ILO's agreements; these include 3 of the 4 that are considered to have a priority character, and 8 of the 10 that are considered fundamental, besides another 50 with a technical nature. Similarly, it should be underscored that the country has made various improvements through implementing initiatives to reduce the levels of informal and child labour<sup>21</sup> (Fairlie, 2022; Ioannides, 2019).

The formation of the Domestic Advisory Group (DAG) on the request of the organisations of Colombian civil society has also contributed to the

<sup>21</sup> Agreements are being promoted through the *Red de Formalización Laboral* (Labour Formalisation Network) and there is a national strategy for the prevention and elimination of the worst forms of child labour.

latter's participation in labour and environmental matters. Nonetheless, in this forum the civil society organisations have repeatedly expressed their concern for, amongst other issues, the violation of human and employment rights, the corresponding impunity, the criminalisation of social protest, and the non-fulfilment of ILO Convention 169 on indigenous and tribal peoples. Diverse reports of organisations like the Transnational Institute (TNI) and the *Oficina Internacional de los Derechos Humanos – Acción Colombia* (OIDHACO—The International Office for Human Rights Action on Colombia) (2016), Amnesty International (2021) and Human Rights Watch (2021) have highlighted this situation. In this sense, the abundant and incessant cases of threats against and murders of trade union leaders, social leaders and human rights defenders, even following the Peace Agreement of 2016, making Colombia the country with the highest rate of murders of human rights defenders at the world level, continue to be a cause of great concern, although there have also been some recent advances and initiatives in this respect.<sup>22</sup> However, in spite of the EU's support in these matters through the available consultative mechanisms, the evidence shows that the effects of the Agreement in this respect are far from satisfactory, given that the discussions and compromises acquired are not binding, remaining restricted to mere declarations (Ioannides, 2019; Zygierewicz, 2018).

Concerning environmental issues, there have been advances through the *Consejo Nacional de la Lucha Contra la Deforestación* (National Council of the Fight against Deforestation) and the signing of the *Pacto Nacional de Economía Circular* (National Circular Economy Strategy) (Fairlie, 2022). However, the fight against the polluting activities of the big transnational corporations in the extractive sector, and in particular against their use of mercury, continues to be an area of great argument and conflict; all of this in a context in which a greater flexibilisation of the regulations linked to the energy-mining sector has been observed in recent years (Ioannides, 2019; Zygierewicz, 2018). The same can be said with respect to the rights to the land and resources of the indigenous peoples in rural areas, where there is a growing dispute with transnational capital and the authorities that are promoting the latter's activities.

<sup>22</sup> In recent years, following decades of impunity, there have been 966 condemnatory rulings for crimes committed against trade unionists, and 301 trade union leaders and activists whose lives were threatened have been placed under a program of the *Unidad Nacional de Protección* (UPN—National Protection Unit).

In spite of these circumstances, the so-called democratic and human rights clause of the Trade Agreement has to date never been exercised in terms of the immediate and unilateral suspension of the Agreement, and the threat of exercising it has not even been raised. The EU understands that the demands established in that respect have been met to date thanks to the government's effort to improve the situation through the approval of a *Plan Nacional de Acción en Derechos Humanos* (National Action Plan in Human Rights) (Zygierewicz, 2018). All of this gives rise to huge doubts about the consistency of the fine words contained in the agreements and the will or capacity of the EU to put pressure on the government of Colombia in case of the non-fulfilment of the clauses on labour, human rights and the environment, beyond its commitment to monitor the situation in these fields and protect victims (European Commission, 2019; Ioannides, 2019).

## 6 CONCLUSIONS

In recent decades foreign relations between the EU and its preferential partners have changed significantly as a result of the competition, mainly from the USA, for respective areas of influence, together with the different changes in the multilateral regulatory framework introduced by the WTO. All of this has led to a drive towards trade reciprocity and the promotion of free trade areas, besides the inclusion of other issues on the trade agenda, such as services, investments, public procurement and intellectual property rights.

The EU's relations with Latin American countries in recent decades are a reflection of all that, whether in interregional or bilateral frameworks, and are based on the AAs and their three pillars: trade, political dialogue and cooperation.

In the case of Colombia this has been concretised in a bilateral Trade Agreement that includes many other aspects linked to the other two pillars, specifically to a policy of cooperation very much oriented towards peacebuilding and the defence of human rights. In that sense, the signing of the Trade Agreement with Colombia is interpreted by the EU as part of a joint package of measures that coherently pursue peacebuilding and the promotion of development through its cooperation policies.

There is no doubt that the efforts, initiatives, human resources and funds employed by the EU in questions of cooperation with Colombia have been considerable. Moreover, its accompaniment of the process

of peacebuilding in the country employing a broad perspective and with a territorial focus, trying to draw away from conventional security perspectives, has been generally welcomed. However, while many of these elements depart from the logic of the liberal approach to peace, others, and in particular that linked to the Trade Agreement, continue to draw heavily on that approach. Indeed, from that perspective trade liberalisation and the WTO agenda are considered valid as ideal instruments for generating conditions of development, in the particular context of an economy such as the Colombian one, and on the basis of its relations with the EU.

All of that appears to forget the imbalances generated in the balance of trade and services to the detriment of Colombia, as well as in the field of intellectual property rights, amongst others. And in spite of the slight improvement in questions of diversification in favour of the agricultural and livestock sector, this dynamic continues to be concentrated in the primary sector, with scarce inter-sectorial effects on the manufacturing sectors that generate the greatest levels of employment and added value.

Promoting processes that generate productive activities with greater added value on the basis of primary products should be amongst the EU's priorities in Colombia in the immediate future. All of that would contribute to sustainable development, rural development, the fight against drug trafficking, and productive diversification.

Similarly, in the area of investments there is also potential for attracting FDI towards sectors generating employment in productive activities with higher added value, like manufacturing and agriculture. The EU, in its current position as the main foreign investor, can play an important role in that respect. In turn, to the extent that the EU really intends its investment practice to be coherent with its cooperation policies, it must promote and monitor policies in investment matters that make a difference with respect to investments from other sources in terms of a high commitment to sustainable development and the defence of human rights, something that has not happened up to now.

At the same time, although diverse advances have taken place in the fields of employment rights, human rights and environmental protection, the lacks and limitations are extensive, conflicts with the activities of transnational capital are abundant, and recourse to the democratic and human right clause is non-existent. Thus, when it comes to evaluating the coherence of the EU's policies in its foreign relations with Colombia, as in the fields of its foreign activity in general, it can be concluded that there continues to be a substantial gap between its stated intentions and the

reality of its policies (Chicharro, 2017). This is expressed in the ample profits generated by the prioritisation of the economic agenda (trade, investments, intellectual property...) in its foreign policy, which does not always benefit its counterpart, and is not always compatible with achieving other goals of its policy of development cooperation.

The capacity that the new progressive government in Colombia might have to transform and improve all this, given its critical discourse on the free trade agreements and its support for the peasant cause, is something that only time will tell. But, from the outset it will have to play its cards on a pre-established playing field, subject to different limitations marked by the Trade Agreement and the economic relations that derive from it. All of this results in a limited margin of manoeuvre for designing and implementing the economic policies in the national and international fields that the government considers most suitable for improving the living conditions of its population, in particular in the rural areas most affected by the conflict, thus limiting its capacity to contribute to a stable and lasting peace.

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