

**AGRICULTURAL PUBLIC POLICIES IN
COLOMBIA FROM THE 1970S THROUGH
THE URIBE GOVERNMENT – THE STORY OF
RECURRENT UNRESOLVED POLICY ISSUES***

**POLÍTICAS PÚBLICAS AGRÍCOLAS
EN COLOMBIA DESDE LOS AÑOS
1970 HASTA LOS GOBIERNOS URIBE
– LA HISTORIA DE RECURRENTE
CUESTIONES POLÍTICAS SIN RESOLVER**

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ABSTRACT

The present article discusses the development of agricultural policies between the 1970s and the two periods of government of President Álvaro Uribe-Vélez. The agricultural policies are analyzed in their wider framework of relevant, general aspects of the economy in Colombia. It is argued that the challenges of agricultural policies are constant and repetitive since the beginning of the analyzed period: debate about production structure – large scale production versus small farming, production for industrial use and food production; levels of protection of national market versus integration into the international market; competitiveness versus lack of technological development and general infrastructure.

Keywords: Agricultural policies; Colombia; agricultural production; agroindustry; small farming; competitiveness; technological development; international commerce

RESUMEN

En el presente artículo se discute el desarrollo de las políticas agrarias en Colombia entre los años 1970 y los dos períodos de gobierno del presidente Álvaro Uribe-Vélez. Las políticas agrarias se analizan dentro de un marco más amplio de los aspectos relevantes de la economía colombiana. Se argumenta que los desafíos de las políticas agrarias son constantes y repetitivos desde el inicio de la época estudiada: debate sobre estructura de producción - producción en grandes escalas versus pequeños productores, producción para uso industrial versus producción de alimentos; grado de protección del mercado nacional versus integración al mercado internacional; competitividad versus falta de desarrollo tecnológico y de infraestructura general.

Palabras clave: Políticas agrarias; Colombia; producción agraria; agro-industria; pequeña producción; competitividad; desarrollo tecnológico; comercio internacional

SUMMARY

INTRODUCTION. I. 1970s - GROWING EXPORT ORIENTATION AND URBAN DEVELOPMENT.- II. 1980s - INCREASING RURAL VIOLENCE, CRISIS IN THE AGRICULTURAL SECTOR.- III. TRADE LIBERALIZATION OF THE 1990s AND AGRICULTURAL CRISIS.- IV. COMPETITIVE NATIONAL MARKET AND EXPORT ORIENTATION UNDER THE URIBE GOVERNMENT.- FINAL REMARKS.- BIBLIOGRAPHY.

INTRODUCTION

According to the latest available World Development Indicators, in 2015, the Agriculture Sector in Colombia represented 6.827% of the GDP (whereas industry 33.985%, and services 59.188%). The Agriculture Sector has a historically decreasing participation in World GDP. Between 1995 and 2014 world agriculture value added percentage of GDP decreased from 8.028% to 3.909%; between 1995 and 2015 in Colombia, it decreased from 15.284% to 6.827%. The sharpest decline in Colombia has occurred between 1999 and 2000 when value added percentage of GDP decreased from 13.961% to 8.95%. In Latin-America and the Caribbean tendencies were different in the same period, as value added percentage of GDP decreased in a lesser amount from 6.75% in 1995 to 5.478% in 2014.¹²

The Agricultural Census of 2014 clearly demonstrated the concentration of property of land since the 1970s. Agricultural Production Units (APU) [Unidad de Producción Agrícola] over 500 hectares (0.4% of total) corresponded to 77.3% of the rural area; on the other hand, the APUs of less than 5 hectares accounted for 70.4% of the total and occupied only 2.0% of the rural area. The proportion of area kept in APUs of more than 1000 hectares almost tripled from the previous censuses (1960, 1970).³

There is a dominant use of land for livestock, but not only limited to bigger size APUs. Of the total area corresponding to agricultural use (43.0 million hectares), 80.0% had uses of pastures and stubble, 19.7% of agricultural activity, and 0.3% of agricultural infrastructure. Of the APUs of less than 5 hectares, 56.8% used the land for livestock, 36.5% for cultivating plants, and 6.8% for natural forests; while the APUs of over 1,000 hectares, 42.2% dedicated to livestock, 29.8% used the land for cultivating plants, and 28.0% for natural

1 World Bank, *Agriculture, value added (% of GDP)*. Available at: <http://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=CO>

2 Between 1995 and 2014 the industry value added percentage of GDP also decreased in world average from 33.508% to 27.724%, whereas in Colombia between 1995 and 2015 industrial production increased from 31.696% to 33.985%. Nevertheless, industrial value added in Colombia has been declining sharply since 2013, although still maintaining higher results than the Latin-American and Caribbean average of 29.83% (in 2014).

3 Departamento Administrativo Nacional de Estadística, DANE, *Tercer Censo Nacional Agropecuario. Entrega de resultados CNA 2014 – Cifras Definitivas*, 25. Available at: <https://www.dane.gov.co/files/CensoAgropecuario/entrega-definitiva/Boletin-1-Uso-del-suelo/1-Boletin.pdf>

forests.⁴ Furthermore, agro-industrial use dominates cropped areas. 60.9% of the number of the APU and 57.3% of the cropped area corresponded to sowings of agro-industrial crops, tubers, and banana. Caldas, Risaralda, Huila, Santander, and Valle del Cauca were the departments with greater part of the land dedicated to sowings of agro-industrial crops.⁵

Before the comprehensive Agricultural Census of 2014, the Colombian governments had been implementing agricultural policies without available statistical data for more than 40 years. Once we understand the underlying reasons of the weaknesses of agricultural policy planning in Colombia, the results of the 2014 Census will not surprise us, and not even the lack of an agricultural census. The present article proposes this historical analysis of the Colombian agricultural policies from the 1970s through the Uribe governments applying the theory of the Colombian State paradox.

In my recent publications⁶ I have argued, based on my doctoral thesis,⁷ that the Colombian State lacks debate on agricultural policy paradigms, especially with the democratic participation of all actors; therefore, the Colombian State uses international trade policies as well as the peace talks with the FARC [Fuerzas Armadas Revolucionarias de Colombia, Revolutionary Armed Forces of Colombia] in the Havana⁸ to force internal changes in the sector. I have explained this heterogeneous performance of the State, acting

4 Departamento Administrativo Nacional de Estadística, DANE, *Tercer Censo Nacional Agropecuario. Entrega de resultados CNA 2014 – Cifras Definitivas*, 29.

5 Agro-industrial crops are defined as coffee, cocoa, sugarcane, rubber, sisal, higuera, olive, palm and other agro-industrial crops. Departamento Administrativo Nacional de Estadística, DANE, *Tercer Censo Nacional Agropecuario, Novena entrega de resultados 2014*, 12. Available at: <https://www.dane.gov.co/files/CensoAgropecuario/entrega-definitiva/Boletin-9-cultivos/9-Boletin.pdf>

6 This article is related to two other recent publications of the author: (1) ILDIKÓ SZEGEDY-MASZÁK, *Free Trade and Agricultural Public Policies for Producers of Milk in Colombia*, 128 *Universitas*, 357-381 (2014) doi:10.11144/Javeriana.VJ128.ftap. (2) ILDIKÓ SZEGEDY-MASZÁK, *Dairy Sector Related Agricultural Policies in Colombia (1900s-1960s)*, in JAIME ROSSELL-GRANADOS, JULIO ANDRÉS SAMPEDRO-ARRUBLA, ILDIKÓ SZEGEDY-MASZÁK & JORGE GONZÁLEZ-JÁCOME, eds., *Aproximación iberoamericana a la construcción de una sociedad humana y democrática*, 131-148 (Ibáñez, Bogotá, 2015).

7 ILDIKÓ SZEGEDY-MASZÁK, *Consequences of the Trade Agreement between the European Union and Colombia and the Globalized Nation-State as a Solution: the Case of the Colombian Dairy Sector*, Doctorado en Sociología Jurídica e Instituciones Políticas, Universidad Externado de Colombia, Bogotá (2013, unpublished).

8 The final version of the *Final Agreement for the Termination of the Conflict and for the Construction of a Stable and Lasting Peace*, between the Colombian Government and the FARC was signed on November 24, 2016 in Bogotá. For more details, please visit <http://www.acuerdodepaz.gov.co/>

strong and weak, as a result of the Colombian State paradox of a coopted, institutionally weak State.

This weakness of the Colombian State in the agricultural sector is reflected in this article through the analyses of the recurrent and unresolved policy issues from the 1970s through the Uribe governments. The debate is raised about production structure —large scale production versus small farming, production for industrial use and food production; levels of protection of national market versus integration into the international market; and the competitiveness versus lack of technological development and general infrastructure.

To analyze these issues, the present article is divided into the following four parts: 1) first the agricultural policies of the 1970s are discussed considering this period as of growing export orientation and urban development; 2) the second part of this article describes the reasons of the notorious slowdown in agricultural production in the 1980s; 3) the period of the 1990s is analyzed through the deep trade liberalization and the resulting agricultural crisis; 4) finally, the agricultural policies of the two Uribe governments are described as another failed effort to develop a competitive national market based on export orientation, which only resulted in *clientelism*.

I. 1970S – GROWING EXPORT ORIENTATION AND URBAN DEVELOPMENT

The policy instruments, which led Colombia towards export orientation, had already been implemented since 1967.⁹ The foreign exchange regulation eliminated fixed exchange rates, *Plan Vallejo*¹⁰

9 The industry showed signs of weakening production around 1967. Attention was directed to urban unemployment (about 33%), whereas the further potential of the industrialization process was also questioned and policy intervention was directed towards construction and export sectors. JUAN FELIPE GAVIRIA, *La economía colombiana 1958-1970*, in *Nueva Historia de Colombia*, Title V, 167-188, 167 (ÁLVARO TIRADO-MEJÍA, ed., Editorial Planeta, Bogotá, 1989).

10 Plan Vallejo was regulated by Law 1 of 1959. It was substantially modified by Decree 444 of 1967. Colombia, Ley 1 de 1959, régimen de cambios internacionales y comercio exterior, 29.856 *Diario Oficial*, 21 de enero de 1959. Available at: <http://www.suin-juriscol.gov.co/viewDocument.asp?id=1555906>. Colombia, Decreto Ley 444 de 1967, sobre régimen de cambio internacional y de comercio exterior, 32.189 *Diario Oficial*, 6 de abril de 1967. Available at: <http://www.suin-juriscol.gov.co/viewDocument.asp?id=1098286>. Plan Vallejo provided custom free or reduced tariff treatment for products, capital goods, etc., imported with the commitment to be transformed and re-exported. LUIS JORGE GARAY-SALAMANCA, *Sistemas especiales de importación y exportación - Plan Vallejo*, en *Colombia: estructura industrial e internacionalización 1967-1996*, 359-366 (Departamento Nacional de Planeación, DNP, Bogotá). Available at: <http://www.banrepcultural.org/blaavirtual/economia/industralatina/162.htm>,

was extended to new sectors, foreign investment was regulated, the fiscal instrument of Tax Discount Certificate (Certificado de Abono Tributario, CAT)¹¹ was implemented, and the Export Promotion Fund (*PROEXPO*) was established. The participation of Colombia in the Andean Community to promote regional integration was also part of these policies.¹² Since 1973, the requirement of import licenses was also diminished, especially for intermediate goods.¹³

In the last National Front government [1958-1974], President Misael Pastrana-Borrero's (1970-1974) National Development Plan, "The Four Strategies" [Las cuatro estrategias] was based on the political necessity to attend urban popular interests.¹⁴ The Pastrana-Borrero government had to mitigate the questions of urban unemployment and lack of urban housing.¹⁵¹⁶ The central policy goal was to increase effective demand in the economy.¹⁷ In that sense, the agrarian question was formulated as the problem of the small farmers impeding the capitalist development in rural areas, retaining under-paid source of employment. Following the ideas of Lauchlin Currie, employment had to be generated in the urban-industrial sector, which was to result in increasing consump-

<http://www.banrepcultural.org/blaavirtual/economia/industrialatina/indice.htm>

- 11 CAT was a negotiable instrument, which was equal to a given amount (15%, 12% in 1967) of the foreign currency reintegrated through the Central Bank —Banco de la República— for the exported products. CAT was modified by the regulation of CERT (Certificado de Reembolso Tributario) in 1983 (*Ibidem*). Colombia, Ley 48 de 1983, por la cual se expiden normas generales a las cuales debe sujetarse el Gobierno Nacional para regular aspectos del comercio exterior colombiano, 36.421 *Diario Oficial*, 27 de diciembre de 1983. Available at: <http://www.suin-juriscol.gov.co/viewDocument.asp?id=1602720>
- 12 ASTRID MARTÍNEZ, *Planes de desarrollo y política agraria en Colombia 1940-1978*, 27 (Universidad Nacional de Colombia, Bogotá, 1986).
- 13 SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 187 (Banco de la República, Bogotá, 2006).
- 14 The results of this presidential election were very tight with the populist National Popular Alliance ANAPO (*Alianza Nacional Popular*) movement led by General (r) Gustavo Rojas-Pinilla [military dictator 13 June 1953-10 May 1957]. GABRIEL SILVA-LUJÁN, *Carlos Lleras y Misael Pastrana: reforma del Estado y crisis del Frente Nacional*, in *Nueva Historia de Colombia*, Title II, 237262, 257 (ÁLVARO TIRADO-MEJÍA, ed., Editorial Planeta, Bogotá, 1989).
- 15 *Ibidem*, Title II, 257-258.
- 16 The urban land reform remained unresolved; on the other hand, the policies enhanced the urban construction sector (*Ibidem*, Title II, 257-258).
- 17 The four major policy objectives were i) to enhance the construction sector; ii) increase exports; iii) increase agricultural productivity; and iv) enhance equitable income distribution through fiscal and welfare policies. ASTRID MARTÍNEZ, *Planes de desarrollo y política agraria en Colombia 1940-1978*, 26 (Universidad Nacional de Colombia, Bogotá, 1986).

tion to enhance, among others, agricultural production. This approach rejected any agrarian reform.¹⁸

As opposed to its predecessor, President Alfonso López-Michelsen's government (1974-1978) National Development Plan titled "To Close the Gap" [Para Cerrar la Brecha] was based on definite export orientation, where market forces must guide economic policies based on efficiency.¹⁹ Development had to be generated by agriculture and medium and small businesses. Those economic actors were supposed to be supported by who can participate in international markets. Employment was a central issue to benefit the poorest 50% of the society. Agriculture was important to retain workforce, not to move to urban areas already facing problems of unemployment.^{20,21}

President López-Michelsen recognized the Chicoral Agreement of 1972²² and Law 4 of 1973, which excluded from expropriation adequately-exploited portions of land equal to 100 hectares. Law 4 also introduced the presumed income tax amounting to a maxi-

18 DARIÓ FAJARDO-MONTAÑA, *Haciendas, campesinos y políticas agrarias en Colombia 1920-1980*, 125 (Universidad Nacional de Colombia, Bogotá, 1986).

19 It was also considered as an early attempt to implement neo-liberal economic policies. On the other hand, this opinion was rejected by Bernardo Gaitán-Mahecha, who preferred to describe the efforts of President Alfonso López Michelsen's government as to build the Japan of Latin America (Conversations with Bernardo Gaitán-Mahecha).

20 ASTRID MARTÍNEZ, *Planes de desarrollo y política agraria en Colombia 1940-1978*, 31 (Universidad Nacional de Colombia, Bogotá, 1986).

21 The 1970-1974 period was characterized by dynamic economic growth (6.1% of GDP growth) based on growing exports in an expanding world market, public investment, and the construction sector favored by available private credit as a result of the UPAC [Unidad de Poder Adquisitivo Constante] system. On the other hand, this economic growth resulted in high inflation rates influenced by food price inflation. GUILLERMO EDUARDO PERRY-RUBIO, *La economía colombiana desde 1970 hasta nuestros días*, in *Nueva Historia de Colombia*, Title V, 189212, 191 (ÁLVARO TIRADO-MEJÍA, ed., Editorial Planeta, Bogotá, 1989). Between 1970 and 1974 manufacturing exports grew by 503.5% especially those of textiles and chemistry products. It was also the result of the export orientation implemented in the economy since 1967. ASTRID MARTÍNEZ, *Planes de desarrollo y política agraria en Colombia 1940-1978*, 27 (Universidad Nacional de Colombia, Bogotá, 1986).

The most urgent need of the economic policies was to decrease inflation and later to face the 1976 coffee bonanza. (1976-1980 was the period of a new coffee bonanza, which required measures of a strict monetary policy of interest rate controls and the abandoning of the devaluation policies. This latter resulted in an overvaluation of the Colombian peso and a sharp decline of manufacturing exports. GUILLERMO EDUARDO PERRY-RUBIO, *op. cit.*, Title V, 189212, 195). Therefore, CAT was reduced, control of expenditure in decentralized entities was implemented, sales taxes were modified as part of a fiscal reform, and some subsidies were also eliminated. ASTRID MARTÍNEZ, *Planes de desarrollo y política agraria en Colombia 1940-1978*, 29 (Universidad Nacional de Colombia, Bogotá, 1986).

22 President López-Michelsen argued the importance of legal security of property rights; on the other hand he also recognized the importance of the implementation of Law 135 of 1961 and Law 4 of 1973 regarding the agrarian reform. BERNARDO GAITÁN-MAHECHA, *El liberalismo y las instituciones*, 54-58 (Ediciones Tercer Mundo, Bogotá, 1981).

mum 10% of the land registry value to motivate productive land use, although without major success.²³ Law 5 of 1973 tied financing productive activities to contracting technical assistance.²⁴ Finally, Law 6 of 1975 regulated the relationship between landowners, agribusiness,²⁵ and small farmers. For farmers participating in sharecropping the value of improvements in land was recognized, as well as their right to cultivate crops for self-consumption.²⁶

The economic importance of the agriculture was to produce sufficient food to avoid inflation generated by food prices. These policies further enhanced commercial agriculture.²⁷ In this system, medium size farmers were considered as important actors to generate rural employment. The lack of their productive capacity was also recognized, as well as the need to integrate them into the market. It was one of the most important underlying reasons of the Integral Rural Development (Desarrollo Rural Integrado, DRI) project, which was also linked to the Food and Nutrition Plan (Plan

- 23 JAIRO HERNANDO ARIAS-PUERTA, *La ganadería en la formación social colombiana: entre el atraso y la competitividad*, 52, 54 (Ministerio de Agricultura y Desarrollo Rural, Bogotá, 1997). Colombia, Ley 4 de 1973, por la cual se introducen modificaciones a las Leyes 200 de 1936, 135 de 1961 y 1 de 1968. Se establecen disposiciones sobre renta presuntiva, se crea la Sala Agraria en el Consejo de Estado y se dictan otras disposiciones, 33.828 *Diario Oficial*, 13 de abril de 1973. Available at: <http://www.suin.gov.co/viewDocument.asp?id=1786293>
- 24 DARÍO FAJARDO-MONTAÑA, *Haciendas, campesinos y políticas agrarias en Colombia 1920-1980*, 126 (Universidad Nacional de Colombia, Bogotá, 1986). Colombia, Ley 5 de 1973, por la cual se estimula la capitalización del sector agropecuario y se dictan disposiciones sobre Títulos de Fomento Agropecuario, Fondo Financiero Agropecuario, Fondos Ganaderos, Prenda Agraria, Banco Ganadero, Asistencia Técnica, autorizaciones a la Banca Comercial, deducciones y exenciones tributarias y otras materias, 33.828 *Diario Oficial*, 13 de abril de 1973. Available at: <http://www.suin-juriscol.gov.co/viewDocument.asp?id=1560157>
- 25 Agribusiness refers to the development of agricultural enterprise for commercial agricultural production. Agribusiness is generally based on economies of scale. Notwithstanding, small farmers can also convert their activities into agribusiness. Colombia, Ley 6 de 1975, por la cual se dictan normas sobre contratos de aparcería y otras formas de explotación de la tierra, 34.244 *Diario Oficial*, 28 de enero de 1975. Available at: <http://www.suin-juriscol.gov.co/viewDocument.asp?ruta=Leyes/1561717>
- 26 For agricultural workers the right of an allotment of 0.5 hectare at estates larger than 200 hectares was established to cultivate crops for self-consumption. The idea was to resolve the dramatic situation of expulsion of leases and sharecroppers from land, which was the reaction of landowners to Law 1 of 1968, which included in the agrarian reform land under lease or sharecropping. ASTRID MARTÍNEZ, *Planes de desarrollo y política agraria en Colombia 1940-1978*, 32 (Universidad Nacional de Colombia, Bogotá, 1986). Colombia, Ley 1 de 1968, por la cual se introducen modificaciones a la Ley 135 de 1961 sobre Reforma Social Agraria, 32.428 *Diario Oficial*, 12 de febrero de 1968. Available at: <http://www.suin-juriscol.gov.co/viewDocument.asp?id=1786063>
- 27 GABRIEL SILVA-LUJÁN, *Carlos Lleras y Misael Pastrana: reforma del Estado y crisis del Frente Nacional*, in *Nueva Historia de Colombia*, Title II, 237262, 260 (ÁLVARO TIRADO-MEJÍA, ed., Editorial Planeta, Bogotá, 1989).

de Alimentación y Nutrición, PAN).^{28 29} The aim was to enhance production and include small and medium farms into commercial agriculture.³⁰ Between 1977 and 1980 DRI was focused on production enhancement. As a result of these processes, by the 1980s the combined production structure became clearly defined in the Colombian agriculture: on the one hand commercial agriculture, on the other hand small farm economy including small agribusinesses and wage-earners.³¹

II. 1980S – INCREASING RURAL VIOLENCE, CRISIS IN THE AGRICULTURAL SECTOR

Since the 1970s illegal drug trafficking became a crucial issue in Colombia.³² Drug traffickers were seeking political influence, which further weakened the Colombian State at all levels.³³ Drug trafficking also affected the rural property structure, as land acquisition was one of the most widely used forms of money laundering.^{34 35} In the same period other illegal armed forces also gained important power in Colombia and started controlling considerable extensions of rural areas such as the extreme left guerrilla groups EPL [Ejér-

28 ASTRID MARTÍNEZ, *Planes de desarrollo y política agraria en Colombia 1940-1978*, 32 (Universidad Nacional de Colombia, Bogotá, 1986).

29 DRI was originally launched by the Pastrana-Borrero government.

30 The idea of DRI was to continue with a moderated agrarian reform including colonization, land preparation, infrastructure development, and technical assistance with a focus on enhancing small and medium farm production. This policy direction was influenced by international policy instruments proposed, for example, by the Inter-American Development Bank, which also co-financed these projects. In 1981 DRI had 71,051 beneficiaries. The success of DRI depended on the location and conditions of the participating small and medium size farmers. Nonetheless, participating farmers with production based on land lease and sharecropping had much less success. DARÍO FAJARDO-MONTAÑA, *Haciendas, campesinos y políticas agrarias en Colombia 1920-1980*, 137-139 (Universidad Nacional de Colombia, Bogotá, 1986).

31 DARÍO FAJARDO-MONTAÑA, *Haciendas, campesinos y políticas agrarias en Colombia 1920-1980*, 143 (Universidad Nacional de Colombia, Bogotá, 1986).

32 Illegal drug trafficking replaced agricultural production and affected national parks. SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 334 (Banco de la República, Bogotá, 2006).

33 Terrorist attacks reached as far as the murder of presidential candidate Luis Carlos Galán in 1989.

34 SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 334 (Banco de la República, Bogotá, 2006).

35 Between 1975 and 1995 there were important rural land acquisitions by drug traffickers in 400 municipalities, amounting to 39% of all municipalities in Colombia. It also contributed to double the extension of estates larger than 500 hectares and to reduce by one million the number of farms smaller than 5 hectares. SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 334 (Banco de la República, Bogotá, 2006).

cito Popular de Liberación, Liberation Popular Army] and FARC [Fuerzas Armadas Revolucionarias de Colombia, Revolutionary Armed Forces of Colombia]. The right wing mobilization of paramilitarism was established to counteract the growing power of the guerrilla groups.³⁶ Guerrilla groups as well as the paramilitarism were closely linked to illegal drug trafficking.³⁷

President Julio César Turbay-Ayala (1978-1982) concentrated its National Development Plan titled National Integration Plan [Plan de Integración Nacional, PIN] on generating development in infrastructure and allowing more autonomy for the regions. It had the priority in the energy and mining sectors but also proposed to implement a new social strategy.³⁸ The Turbay government promoted the idea of agribusiness and agroindustry³⁹ through policy measures

36 The paramilitary groups were supported by large landowners, colonizers, industrialists, public officers (including members of the armed forces), and regional elites. In the 1990s various paramilitary groups formed the United Self-defense of Colombia (Autodefensas Unidas de Colombia, AUC) with national influence. JUAN JOSÉ MONCADA-C., *Restitución colectiva de tierras en Colombia. Una propuesta para cumplir con éxito la devolución de tierras en los 143 municipios de mayor despojo*, Capítulo 1, *Enfoque*, 8-13, 10 (Fundación Forjando Futuros, FFF, Instituto Popular de Capacitación, IPC, Bogotá, 2012). Available at: http://209.177.156.169/libreria_cm/archivos/pdf_765.pdf

37 Under the government of President Álvaro Uribe-Vélez between 2003 and 2006 paramilitary groups demobilized only partially, and their illicit drug operations were transformed into Emerging Criminal Groups (Bandas Criminales, BACRIM) (*Ibidem*, 10). The operations of the guerrilla and paramilitary groups together with illegal drug trafficking resulted in enormous forced displacement of mainly small farmers, affecting 6.5 million hectares of rural land in Colombia (*Ibidem*, 14).

38 Public investment was essential at the time, which was favored by international financial markets. It included energy projects, airports, and stadiums. On the other hand, domestic savings' discipline was reduced, which resulted in external indebtedness. SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 178 (Banco de la República, Bogotá, 2006). From the late 1970s, important new economic tendencies were observed in Colombia, with still on-going influence. The dynamism in agricultural production stopped. It was the result of high input prices (based on rising oil prices and equipment prices in the international market), drastic decrease in public spending, especially in technology and research (agricultural budget decreased by 50%), and available credit. Commercial agriculture was even more affected than traditional agriculture because of the falling demand by national industry and lower increase in product prices. GUILLERMO EDUARDO PERRY-RUBIO, *op. cit.*, Title V, 201. The industrial sector was hit by the effects of an over-expansion of internationally less competitive sectors such as textiles, drinks, and tobacco, accompanied by a lack of development of machine and equipment production (*Ibidem*, 203). It was also the time when oil and mining projects started developing with important speed, such as the exploitations by Ecopetrol, Cerrejon, and Cerromatoso, and gradually became the leading export sector in Colombia (*Ibidem*, 201, 203, 205). Despite the reforms implemented in the financial sector in 1974, which liberated active interest rates and implemented the term deposit certificates (Certificados de Depósito a Término Fijo, CDT), that in addition to the UPAC system (functioning from 1972) were meant to enhance the financial sector, its credit-providing capacity did not reach the required levels as long term capital markets remained without development and capitalization levels were low (*Ibidem*, 204). The sector was also hit by the 1982 crisis, which was mainly the result of the inadequate regulation of the sector (*Ibidem*, 204). The first Colombian participation in regional integrations and trade agreements also dated back to this period.

39 Agroindustry refers to industry processing agricultural raw material, as opposed to producers. As

regarding research, land preparation, modernization of commercial channels, price policy, and foreign commercial policy.^{40 41} President Turbay implemented the War Councils to fight against the illegal armed forces and drug trafficking.

In economic terms, the period between 1976 and 1982 was described by the “Dutch disease,” based on increasing raw material prices and the coffee bonanza. To mitigate the effects of incoming foreign currency flows and of inflation, the Colombian government partially liberalized import markets, which resulted in diminishing prices of importable crops. The revaluation of the national currency in 1982 plus low prices generated the biggest agricultural crisis of the last decades, which especially affected commercial agriculture.⁴² From 1980 to 1985 it was also a period of recession in the Colombian economy.⁴³ The government of President Belisario Betancur (1982-1986) had to abandon its National Development Plan titled Change with Equity [Cambio con Equidad]. Originally, in the development plan the agricultural sector had a central role to offer large amount of available food at low costs, as well as to participate in increasing exports, which was aimed to generate higher demands for industrial goods and foreign currency incomes. The dramatic economic situation resulted in contractionist economic policies, whereby not only the agricultural budget was cut but also food imports were permitted.⁴⁴ Notwithstanding, an important agricultural policy development of the time was the National Re-

established above, agricultural production in business form is called agribusiness in this article.

40 SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 178 (Banco de la República, Bogotá, 2006).

41 DRI lost importance as its financing was transferred to the Ministry of Agriculture from the National Planning Department (*Ibidem*, 178).

42 CARLOS FELIPE JARAMILLO, *Apertura, crisis y recuperación. La agricultura colombiana entre 1990 y 1994*, 49 (Tercer Mundo Editores, Bogotá, 1994).

43 The expansionism of the Turbay government resulted in high external debts in a moment of world recession and rising international interest rates, and the closing of important Colombian export markets such as Venezuela and Ecuador (GUILLERMO EDUARDO PERRY-RUBIO, *op. cit.*, Title V, 196). As a result of the negotiations with the International Monetary Fund of a USD129 million credit, since 1984 the reduction of fiscal deficit became the central policy goal of the Colombian government, based on the premises that exports were falling because of internal demands in excess. (This diagnosis was considered erroneous by Guillermo Perry (*Ibidem*, 200)). It was accompanied by reduction of public expenditure, increase of fiscal burden, and a 70% annual devaluation rate. Although exports did not grow, deflation of internal demand resulted in recession, which was accompanied by a 25% inflation rate pulled by increasing food prices. The 12.4% of unemployment rate was worsened by the deterioration of employment conditions such as sub-employment (*Ibidem*, 200).

44 SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 180 (Banco de la República, Bogotá, 2006).

habilitation Plan (Plan Nacional de Rehabilitación, PNR). PNR officially recognized the magnitude of the rural violence caused by the illegal armed forces, especially of the guerrilla groups. The idea was to increase the presence of the State in rural areas.^{45 46} President Betancur was also searching for peace and declared a bilateral ceasefire with the guerrilla groups through the General Law of Amnesty, which lasted from 1982 to 1986.⁴⁷

In the core of the National Development Plan of President Virgilio Barco-Vargas (1986-1990), titled Plan of Social Economy, was the idea that development had to have a social function. Policy projects such as PAN, DRI, and PNR of previous governments were reactivated to fight against rural and urban poverty. PNR became a central element of the peace policies and the fight against rural poverty. It included subsidies, technology transfer, and organization of local food trade, which was all based on decentralized policies.⁴⁸ In the small farm economy productivity increased to levels comparable to those of large scale farming, especially for corn, rice, and coffee.⁴⁹⁵⁰ Another objective of the Barco government was to modernize the agricultural sector promoting private investment through restructuring the price system and subordinating import policies to

45 SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 179 (Banco de la República, Bogotá, 2006).

46 The reason of rural violence was considered to be the lack of civil and public institutions. SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 180 (Banco de la República, Bogotá, 2006).

47 Verdad Abierta, *Frente V, protagonista de la guerra* (12 November, 2012). Available at: <http://www.verdadabierta.com/victimarios/243-la-historia/farc/4293-frente-5-de-las-farc-protagonista-de-la-guerra-en-antioquia>

It also resulted in the development of the Patriotic Union (UP) political party where various ex-FARC, Communist Party, and other civil society members participated. UP had a national mobilization and 3,000 delegates participated at its first national congress. At the 1986 elections UP put forth 14 congressmen. Notwithstanding, the UP was persecuted and its political power diminished in the late 1980s, in a fight where two presidential candidates and nine congressmen were murdered under still today not thoroughly investigated circumstances. These conflicts also contributed to the termination of the ceasefire with the FARC. Colectivo de Abogados José Alvear Restrepo, *El Genocidio contra la Unión Patriótica* (12 October 2006). Available at: <http://www.colectivodeabogados.org/EL-GENOCIDIO-CONTRA-LA-UNION>

48 ABSALÓN MACHADO-CARTAGENA, RAFAEL VÁSQUEZ & CARLOS SALGADO, *Análisis institucional y de las instituciones del sector agropecuario 1986-2003*, in *La academia y el sector rural*, 39-102, 46 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005). Available at: <http://www.cid.unal.edu.co/files/publications/CID200406maacse.pdf>

49 CARLOS FERNANDO JARAMILLO, *Crisis y transformación de la agricultura colombiana 1990-2000*, 57 (Banco de la República, Bogotá, 2002).

50 70% of agricultural employment and 50% of agricultural production came from small farms by 1988 (*Ibidem*, 62-63).

the protection of internal production. The agricultural sector was identified as a possible engine of economic development.^{51 52} Law 30 of 1988 was the agrarian reform regulation implemented by the Barco government.⁵³ The regulatory project was prepared with the participation of SAC.⁵⁴ In general, all interest groups, except for the Federación Colombiana de Ganaderos, Fedegan, accepted the project.^{55 56} Law 30 of 1988 eliminated the protection against affectation created by the requirement of adequately-exploited land implemented by the Agreement of Chicoral.^{57 58} By the end of the Barco government a Consejo Nacional de Política Económica y Social [National Council on Economic and Social Policies], CONPES, was presented regarding the internationalization of the economy and the modernization of production.⁵⁹ Nevertheless, there

51 ABSALÓN MACHADO-CARTAGENA, RAFAEL VÁSQUEZ & CARLOS SALGADO, *Análisis institucional y de las instituciones del sector agropecuario 1986-2003*, in *La academia y el sector rural*, 39-102, 43 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005).

52 It was also expected that the price system and the market defined the production patterns. This policy line was revised in 1988 by the Plan of Selected Food Offer, which aimed to increase national food production of selected products and self-sufficiency in the mid-term, including the establishing of market regulating food stocks. Although import duties were reduced by 10% from 50-40% between 1985-86 and 1989-1990, the Plan of Selective Food Offer readjusted substitution prices for importable agricultural products. The Plan was accompanied by credits, technical assistance, and commercialization. The Plan of Selected Food Offer aimed to combat inflation through the promotion of domestic production and not increasing imports. Nevertheless, it resulted in increasing food prices. SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 180 (Banco de la República, Bogotá, 2006). The Virgilio Barco-Vargas government also restructured the agricultural financing system and the limits of financing were increased from 40% to 70-75% of the costs of production for almost all crops. ABSALÓN MACHADO-CARTAGENA, RAFAEL VÁSQUEZ & CARLOS SALGADO, *Análisis institucional y de las instituciones del sector agropecuario 1986-2003*, in *La academia y el sector rural*, 39-102, 56 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005). The Forest Action Plan was also implemented in 1989 (*Ibidem*, 59).

53 Colombia, Ley 30 de 1988, por la cual se modifican y adicionan las Leyes 135 de 1961, 1 de 1968 y 4 de 1973 y se otorgan unas facultades al Presidente de la República, 38.264 *Diario Oficial*, 22 de marzo de 1988. Available at: <http://www.suin-juriscol.gov.co/viewDocument.asp?id=1787345>

54 Sociedad de Agricultores de Colombia (SAC), Colombian Farmer Society was established in 1871. It represents the agricultural sector. <http://www.sac.org.co/es/>

55 JAIRO HERNANDO ARIAS-PUERTA, *La ganadería en la formación social colombiana: entre el atraso y la competitividad*, 57 (Ministerio de Agricultura y Desarrollo Rural, Bogotá, 1997).

56 The acceptance was based on the conviction that the growing violence at the rural areas, such as the mobilization of the guerrilla groups, was linked to the land question (*Ibidem*, 57).

57 ABSALÓN MACHADO-CARTAGENA, RAFAEL VÁSQUEZ & CARLOS SALGADO, *Análisis institucional y de las instituciones del sector agropecuario 1986-2003*, in *La academia y el sector rural*, 39-102, 49 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005).

58 Law 30 had little political support, and as land redistribution was included in the topics to be negotiated in the peace process with the guerrilla groups, its implementation became also diffuse. SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 338 (Banco de la República, Bogotá, 2006).

59 The idea was to reactivate the productive sector and to increase efficiency through rationalizing

was an understanding to maintain protectionist measures for the agricultural sector in the proposed market liberalization scheme.⁶⁰

III. TRADE LIBERALIZATION OF THE 1990S AND AGRICULTURAL CRISIS

As opposed to the crisis in 1982, between 1986 and 1990 the conditions for the Colombian agriculture were favorable. It was the result of internal sectoral policies, a revaluation around 11.3% (1989-1990), and the increasing international prices resulting from demand in the developed economies. As a result of the above, importable temporary crops showed the major production development, although they would also be the most impacted by the agricultural crisis during the 1990s.^{61 62}

The government of César Gaviria Trujillo (1990-1994) implemented the most comprehensive unilateral market liberalization policies in Colombia. The market liberalization was accompanied by the political democratization process. It was argued that protectionism implemented through the import substitution system resulted in a lack of competitiveness.⁶³ Therefore, market liberalization was necessary to create competition based on the functioning of market forces.⁶⁴ Economic policies abandoned the sectoral ap-

international commerce, which could result in major competition at the national market. Devaluationist policies were also implemented but growing inflation (30% in 1990-1991) and the revaluation from 1993 neutralized these policies (*Ibidem*, 180).

60 ABSALÓN MACHADO-CARTAGENA, RAFAEL VÁSQUEZ & CARLOS SALGADO, *Análisis institucional y de las instituciones del sector agropecuario 1986-2003*, in *La academia y el sector rural*, 39-102, 44 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005).

61 CARLOS FELIPE JARAMILLO, *Apertura, crisis y recuperación. La agricultura colombiana entre 1990 y 1994*, 54-55 (Tercer Mundo Editores, Bogotá, 1994).

62 Between 1986 and 1995 the GDP growth increased by 2.8% (similar to the levels of the end of the 1960s), on the other hand, as a result of the crisis in 1996, the GDP decreased to -0.8%. Inflation rates had their peak in 1991 and decreased to below 10% levels only by the end of the 1990s. On the other hand, Kalmanovitz & López-Enciso also argued that the decrease of inflation rates was detained around 1997 when agricultural customs duties were increased after the agricultural crisis. As to exchange rates, important volatility was observed in the first part of the 1990s. SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 207, 212, 214 (Banco de la República, Bogotá, 2006).

63 It impeded systematic technological change, the transformation of productive organization, the improvement of corporative culture, the increasing of labor specialization, the decrease of product prices, and the widening of markets (*Ibidem*, 191).

64 *Ibidem*, 191.

proach and implemented general neutral policy instruments.^{65 66} It also resulted in a conceptual change of agricultural policies, which were directed towards the interests of agroindustry, expressed in the promotion of agro-industrial production chains.⁶⁷ The market liberalization implemented by the Gaviria government was the unilateral reduction of customs duties, and the elimination of tariff surcharges and special import licenses.^{68 69}

These market liberalization policies were to be fully implemented in the agricultural sector as well.⁷⁰ Although average customs tariffs for agricultural products decreased from 31.5% in 1991 to 15% in 1992, a national price band system was also implemented for sensitive products such as milk, wheat, barley, corn, rice, soy, sugar, and sorghum to compensate fluctuation of international prices.⁷¹ The agricultural financing was designed to become completely market based,⁷² yet as a result of important rejection by the agricultural interest groups such as SAC, finally the special credit conditions

65 *Ibidem*, 181.

66 Through an open model to preserve macroeconomic stability and promoting technological change and competition (*Ibidem*, 181).

67 ABSALÓN MACHADO-CARTAGENA, RAFAEL VÁSQUEZ & CARLOS SALGADO, *Análisis institucional y de las instituciones del sector agropecuario 1986-2003*, in *La academia y el sector rural*, 39-102, 71 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005).

68 SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 189 (Banco de la República, Bogotá, 2006).

69 The first intent was a gradual reform, but the expectations of importers (waiting for further reductions) resulted in commercial surplus, which further worsened the inflation rate (over 30% annual), and encouraged the government to accelerate customs tariff reductions (*Ibidem*, 189).

70 According to the opinion surveys in 1993, industrial sector actors were optimistic regarding the market liberalization policies. It was considered by the advocates of the liberal market principle that the agricultural sector was ready for market liberalization. In the short run a decrease in profitability was expected only for some commercial agricultural products such as soy, African palm, rice, sorghum, and milk (CARLOS FELIPE JARAMILLO, *op. cit.*, 68). On the other hand, SAC repeatedly expressed that the agricultural sector was the most severely affected by these policies. ABSALÓN MACHADO-CARTAGENA, RAFAEL VÁSQUEZ & CARLOS SALGADO, *Análisis institucional y de las instituciones del sector agropecuario 1986-2003*, in *La academia y el sector rural*, 39-102, 69 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005). Available at: <http://www.cid.unal.edu.co/files/publications/CID200406maacse.pdf>

71 CARLOS FELIPE JARAMILLO, *op. cit.*, 17.

72 As the 1991 Constitution established that the Central Bank's major role is in the field of monetary policies, development financing was also modified. For the agricultural sector the Agricultural Financing Fund (Fondo para el Financiamiento del Sector Agropecuario, FINAGRO) and the Guaranty Fund (Fondo Agropecuario de Garantías, FAG) were established. SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 165-166 (Banco de la República, Bogotá, 2006).

were maintained.⁷³⁷⁴ Additionally, the agricultural crisis between 1991 and 1993 required the implementation of further sectoral agricultural policies.⁷⁵ The crisis resulted in the expansion of cattle farming as the only profitable agricultural activity to replace the most affected sector of temporary crops.⁷⁶ It resulted in important investments in the livestock sector with 700% and 200% increases in financing of dairy farming and double purpose farming, especially in coffee growing regions such as Quindío and Caldas.⁷⁷

Rudolf Hommes Rodríguez, Minister of Finance of the Gaviria government and one of the central figures of the implementation of the market liberalization policies, recognized that the “only sin” that occurred during the Gaviria government was the crisis of the agricultural sector. As argued by Hommes, only when José Antonio Ocampo assumed the Ministry of Agriculture and Rural Development, there were some clearer ideas proposed about the agricultural sector, which in any case could not avoid the crisis.⁷⁸ The first measures taken in 1992 were the refinancing the most affected producers, accompanied by the restructuring and recapitalization of agricultural funds.^{79 80} The Reactivation Plan was implemented starting from 1993. It established, among others, guaranteed prices

73 SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 165-166 (Banco de la República, Bogotá, 2006).

74 In the 1990s, especially after the financial crisis, agricultural credits decreased, whereas only 8% of rural population had access to these formal credits, mainly medium size and large producers (*Ibidem*, 165-166).

75 The principal reasons of the agricultural crisis were a) decreasing demand due to the international crisis; b) price fluctuation as a result of market liberalization; c) drought in important parts of Colombia due to El Niño; d) revaluation of national currency (between 1990 and 1992 by 7.9%); e) decreasing trade protection resulting from lowering customs duties, which amounted to 20.1% in average for agricultural products between 1990 and 1992; and f) increasing rural violence (CARLOS FELIPE JARAMILLO, *op. cit.*, 70-112). 88% of the reduction in production corresponded to cotton, corn, sorghum, and vegetables, whereas production of permanent crops grew by 11.3% with important growth results of sugar cane, flowers, and fruits (*Ibidem*, 70). Most cold climate products were hit by the crisis such as wheat, potato, barley, and fiqué. During the same period temporary crops decreased by 285,000 hectares and permanent crops increased by 77,500 hectares (*Ibidem*, 75).

76 Extensive cattle farming used most land. ÁLVARO BALCÁZAR, ANDRÉS VARGAS & MARTHA LUCÍA OROZCO, *Del proteccionismo a la apertura. ¿El camino a la modernización agropecuaria?*, 18 (Instituto Interamericano de Cooperación para la Agricultura, IICA, Tercer Mundo Editores, Bogotá, 1998).

77 JAIRO HERNANDO ARIAS-PUERTA, *La ganadería en la formación social colombiana: entre el atraso y la competitividad*, 109 (Ministerio de Agricultura y Desarrollo Rural, Bogotá, 1997).

78 JAIRO HERNANDO ARIAS-PUERTA, *La ganadería en la formación social colombiana: entre el atraso y la competitividad*, 104 (Ministerio de Agricultura y Desarrollo Rural, Bogotá, 1997).

79 CARLOS FELIPE JARAMILLO, *op. cit.*, 135-137.

80 Instituto de Mercadeo Agropecuario, IDEMA, participated in the acquisition of harvests for grains, provided a special support for rice, negotiated prices for cotton, and provisionally maintained the levels of CERT (*Ibidem*, 135-137).

for some of the most affected products, implemented minimum import prices, and revised price bands. It also established the regulation of safeguard measures and suspended temporarily the imports of chicken pieces and milk powder in July, 1993.⁸¹ In general, public expenditure on agriculture increased by 8.9% in 1992 and by 24.4% in 1994.⁸²

Law 101 of 1993 (Agrarian Law)⁸³ was enacted in a hostile environment for the Gaviria government. The interest groups requested compensatory customs tariffs and restrictions of international commerce. Nevertheless, the Law managed to reflect the interests of the government and implemented the provisions of the 1991 Constitution⁸⁴ regarding the agricultural sector.⁸⁵ Direct subsidies to production were permitted to mitigate temporary market failures (Article 7),⁸⁶ and the Incentive of Rural Capitalization (*ICR*) established a direct subsidy up to 40% to finance investment, which was specifically applied for projects of irrigation, processing, stor-

81 The Reactivation Plan eliminated income tax for certain transactions through the National Agricultural Exchange, reduced customs duties for certain input materials such as pesticides, maintained CERT, implemented agricultural insurance plans, designed a rural employment plan, implemented strategies of technological development, small irrigation and directed investment to less exploited areas such as Orinoquia and Costa Atlántica, and announced actions for development of infrastructure and commercialization channels, as well as projects to increase the cover of agricultural credits and to improve data system (*Ibidem*, 139-145).

82 *Ibidem*, 139-145.

83 Colombia, Ley 101 de 1993, Ley General de Desarrollo Agropecuario y Pesquero, 41.149 *Diario Oficial*, 23 de diciembre de 1993. Available at: http://www.secretariasenado.gov.co/senado/basedoc/ley_0101_1993.html

84 The 1991 Constitution established a special protection for agriculture in its Articles 64-66. Article 64 regulated the promotion of progressive access to land property of agrarian workers in individual or collective forms and to social services; and to improve the income and quality of life of farmers as an obligation of the State. According to Article 65, food production received special protection of the State, which promoted the integral development of agricultural and agro-industrial activities. Article 66 established the possibility of special treatment for agricultural credits. Article 66 was promoted by Marcos Chalita, Member of the Constitutional Assembly in representation of small farmers. (Based on conversations with Gustavo Zafra-Roldán, Member of the Constitutional Assembly). Furthermore, Article 58 regulated the social function of property and the expropriation with compensation in cases of public utility and social interest. As a new element, Article 329 regulated the Indigenous Reservations as collective and non-alienable property. Colombia, Constitución Política, versión corregida 116 *Gaceta Constitucional*, 20 de julio de 1991. Available at: http://www.secretariasenado.gov.co/senado/basedoc/constitucion_politica_1991.html. Colombia, Constitución, 1991. English version: http://confinder.richmond.edu/admin/docs/colombia_const2.pdf

85 Law 101 of 1993 implemented, among others, provisions regarding the new function of IDEMA to invest in companies of commercialization and basic agro-industrial processing; maintained the function of harvest acquisition based on guaranteed minimum prices and intervention prices, and the subsidies for commercialization, storage, rural capitalization, energy, and agricultural insurance schemes.

86 *Ibidem*, 147-151.

age, and new technologies.⁸⁷ Regarding international commerce, Law 101 of 1993 repeated the provisions of the 1991 Constitution on equality, reciprocity, and national convenience (Article 2),⁸⁸ established reference prices, minimum custom value, and other countervailing measures for cases of unfair competition (Article 4),⁸⁹ as well as safeguard measures for national production (Article 5).^{90 91} It also established the National Agricultural Commission.⁹² Law 101 of 1993 implemented the system of parafiscal funds, which privatized certain activities of the State. These parafiscal funds were administered based on contractual terms between the government and the sectoral interest groups, in the case of the National Cattle Fund, Fedegan [Fondo Nacional del Ganado, Fedegan].^{93 94 95} Furthermore, production chains became the central element of agricultural policies remaining in place through all subsequent governments to this date. Production chains were designed to re-

87 CARLOS FERNANDO JARAMILLO, *Crisis y transformación de la agricultura colombiana 1990-2000*, 126 (Banco de la República, Bogotá, 2002).

88 The 1991 Constitution expressly regulated the topic of international relations in its Chapter VIII. Articles 224-226, according to which treaties must be approved by the Congress. (The previous 1886 Constitution also required the approval of international treaties by the Congress (Article 76 (20), and Article 120 (10)). While the President could opt for the provisional application of economic and commercial treaties of international organizations, according to Article 226, the State promotes the internationalization of political, economic, social, and ecological relations based on equity, reciprocity, and national convenience. Article 227 regulated the economic, social, and political integration especially with countries in Latin America and the Caribbean through treaties based on equity, equality, and reciprocity and the establishing of supra-national institutions.

89 Products with foreign subsidies, dumping, and non-appliance of international labor regulation (Article 4).

90 In case of damage or threat of damage resulting from significant increase of imports or the substantial decrease of international prices. The application of safeguard measures was referred to the Supreme Council of Foreign Commerce (Article 5).

91 CARLOS FELIPE JARAMILLO, *Apertura, crisis y recuperación. La agricultura colombiana entre 1990 y 1994*, 154-155 (Tercer Mundo Editores, Bogotá, 1994).

92 The decentralization of agricultural policies was also reflected in establishing the Municipal Units of Agricultural Technical Assistance (Unidades Municipales de Asistencia Técnica Agropecuaria, UMATA) and the Municipal Councils of Rural Development (Consejos de Desarrollo Rural, CDR).

93 The National Cattle Fund was established by Law 89 of 1993. Colombia, Ley 89 de 1993, por la cual se establece la Cuota de Fomento Ganadero y Lechero y se crea el Fondo Nacional del Ganado, 41.132 *Diario Oficial*, 10 de diciembre de 1993. Available at: http://www.secretariassenado.gov.co/senado/basedoc/ley_0089_1993.html

94 CARLOS FERNANDO JARAMILLO, *Crisis y transformación de la agricultura colombiana 1990-2000*, 128 (Banco de la República, Bogotá, 2002).

95 These funds were financed from sales taxes and were destined to promote consumption and production including research, technical assistance, organization of production and commercialization, and to enhance exports.

activate the productivity of certain sectors affected by the market liberalization policies.^{96 97}

The situation of small farmers was already considered in the 1991 CONPES Program of Modernization and Diversification of the Agricultural Sector.⁹⁸ Law 160 of 1994⁹⁹ regulated market-based land restructuring, according to which private actors had to negotiate with the participation of Instituto Colombiano para la Reforma Agraria, INCORA, the land sale and purchase transactions.^{100 101} Law 160 of 1994, also known as the agrarian reform of the Gaviria government, established the Zones of Farmer Reserves (*Zonas de Reserva Campesina*). The idea of these reserves was to maintain small land properties limited in size to one or two Agricultural Family Units (*Unidad Agrícola Familiar*, UAF).¹⁰²

The agricultural sector grew by 5.2% and 4.4% in 1993 and 1994.¹⁰³ Agriculture was an important topic of the 1994 presidential

96 ABSALÓN MACHADO-CARTAGENA, *La academia y el sector rural: sus vínculos, sus interpretaciones, sus retos*, in *La academia y el sector rural*, 26-27 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005). Available at: <http://www.cid.unal.edu.co/files/publications/CID200406maacse.pdf>

97 The policies regarding production chains occasionally supported uncompetitive practices and sectors (*Ibidem*, 26-27).

98 The major goals of the CONPES were to introduce the technological changes required to increase competitiveness and to strengthen participation in internal and external markets as well as to increase the income of producers. Wheat and barley production was treated with special attention as these two products were of major importance for the small farm economy produced in an internationally un-competitive manner. Colombia, Consejo Nacional de Política Económica y Social, CONPES, Programa de Modernización y Diversificación del Sector Agropecuario (1991). Available at: <https://colaboracion.dnp.gov.co/CDT/Conpes/Econ%C3%B3micos/2558.pdf>

99 Colombia, Ley 160 de 1994, por la cual se crea el Sistema Nacional de Reforma Agraria y Desarrollo Rural Campesino, se establece un subsidio para la adquisición de tierras, se reforma el Instituto Colombiano de la Reforma Agraria y se dictan otras disposiciones, 41.479 *Diario Oficial*, 5 de agosto de 1994. Available at: http://www.secretariassenado.gov.co/senado/basedoc/ley_0160_1994.html

100 CARLOS FERNANDO JARAMILLO, *Crisis y transformación de la agricultura colombiana 1990-2000*, 86 (Banco de la República, Bogotá, 2002).

101 It was accompanied by a direct State subsidy to the purchase price up to 70% of the value of the land. The period for extinguishment of property because of non-adequate economic exploitation was established in 3 years and extended to illegal crops and violation of environmental conservation norms. The definition of adequate economic exploitation referred back to Law 200 of 1936 (*Ibidem*, 86). This system was criticized for low participation and for the lack of productive projects developed to promote production by small farmers. SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 339 (Banco de la República, Bogotá, 2006). Colombia, Ley 200 de 1936, sobre régimen de tierras, 23.388 *Diario Oficial*, 21 de enero de 1937. Available at: <http://www.suin-juriscol.gov.co/viewDocument.asp?id=1654991>

102 The UAF was also defined by Law 160 as basic agricultural enterprise for a farmer family to remunerate its work and to create surplus to be capitalized.

103 There was slow recovery of some temporary crops such as potato, corn, and vegetables; but most of the growth was accounted to permanent crops (sugar cane and African palm) and the livestock sector, including dairy production. CARLOS FELIPE JARAMILLO, *Apertura, crisis y recuperación. La*

campaign. On the other hand, no contra-reform proposals were presented.¹⁰⁴ The central argument of the National Development Plan¹⁰⁵ of President Ernesto Samper-Pizano (1994-1998) titled “Social Jump” [El Salto Social] was that market liberalization and internationalization had high social costs, which on its own did not secure improvement in poverty. Therefore, a complete revision of economic policies was required, whereas neither import substitution nor market liberal policies resolved the problems.^{106 107}

Regarding agricultural policies, market liberalization and the investment priorities were maintained but two additional policy instruments were implemented. The first was to favor with welfare policies small farmers, the rural poor, and women living in rural areas.¹⁰⁸ The second was to manage the profitability crisis through commercial policies including the agreements of absorption and

agricultura colombiana entre 1990 y 1994, 114-123 (Tercer Mundo Editores, Bogotá, 1994). Notwithstanding, these developments were attributable to positive climate conditions and the results of the implemented government policies were only partial. The continuous revaluation, in fact, was a negative factor for agricultural growth results during the period (*Ibidem*, 133-134). Furthermore, there were important changes in production and the international trade patterns of agricultural products in Colombia in the 1990s. Although between 1950 and 1980 the participation of temporary crops was growing, in the 1990s it was sharply falling to levels lower than in the 1950s, and production of cereals such as barley and wheat almost disappeared. At the same time, the production of permanent exportable crops was expanding, namely banana and flowers, and new products such as African palm. Coffee production was collapsing with negative growth by the end of the 1990s with a 50% lower participation in agricultural production than in 1950. SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 248-251 (Banco de la República, Bogotá, 2006).

104 CARLOS FERNANDO JARAMILLO, *Crisis y transformación de la agricultura colombiana 1990-2000*, 128 (Banco de la República, Bogotá, 2002).

105 The Samper government was the first government after the 1991 Constitution that implemented the civil society participation in the formulation of the National Development Plan.

106 CARLOS SALGADO-ARAMÉNDEZ, *Economías campesinas*, in *La academia y el sector rural*, 105-150, 107 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005). Available at: <http://www.cid.unal.edu.co/files/publications/CID200406maacse.pdf>

107 According to critics such as Kalmanovitz & López-Enciso, this development plan was contradictory as it aimed to maintain the economic and political developments of the Gaviria government, but also “pretended to reconstruct the country.” SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 182 (Banco de la República, Bogotá, 2006).

108 The main elements of rural welfare policies were the market based agrarian reform, with the decentralization of Instituto Colombiano de Desarrollo Rural, INCODER; the establishing of Zones of Farmer Reserves; the program of rural employment; and Plante, which aimed at the eradication of illicit crops such as coca and poppy seeds. One of the most successful of these policies was the Program of Rural Housing, Better Living, which provided subsidies in money and in kind to facilitate housing and access to utilities to 192,138 families in 659 municipalities that received a total COP 232,000 million support through 2,413 projects until April 1998. CARLOS SALGADO-ARAMÉNDEZ, *Economías campesinas*, in *La academia y el sector rural*, 105-150, 135 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005).

competitiveness between agroindustry and producers.^{109 110} To mitigate the agricultural crisis during the Samper government agreements of obligatory acquisition of agricultural products were implemented between producers and the agroindustry for wheat, barley, oils, and animal feed. Price bands were also modified¹¹¹ and in 1995 the Price Stabilization Mechanism of the Andean Price Band System was implemented.¹¹²

The Samper government organized the first Rural Social Summit in June 1996 led by the Minister of Agriculture and Rural Development Cecilia López-Montaña. The Rural Social Summit resulted in the signing of the rural social contract between the government and important farmer organizations. The established priorities were access to land, credits, health care, education, social security, security, and natural resources.¹¹³ On the other hand, although the rural social contract drew the attention to the rural problem, its implementation was insufficient in terms of funds and institutions.¹¹⁴ One of the most important general problems of the Samper government was the lack of implementation of the announced policies. It was also linked to the governmental crisis in 1995¹¹⁵ and the consequent further weakening of State institutions.^{116 117} In addition to

109 KALMANOVITZ & LÓPEZ-ENCISO, *op. cit.*, 183.

110 The Samper government also signed agreements of competitiveness between the government and the agro-industrial actors identified as major purchasers of agricultural raw materials, which included an agreement for the dairy sector as well. The agreements were aimed to improve competitiveness through research, investment in infrastructure, quality control, and enhanced coordination between producers and processors (CARLOS FELIPE JARAMILLO, *op. cit.*, 131).

111 KALMANOVITZ & LÓPEZ-ENCISO, *op. cit.*, 197.

112 Price Stabilization Mechanism of the Andean Price Band System was part of the Andean Community Common External Tariff System. The Price Stabilization Mechanism of the Andean Price Band System was regulated in 1994 by Decision 371 of the Commission of the Andean Community. Price bands were established for given agricultural products (including dairy products) based on past real border prices. While import prices were within the price band only ad valorem basic tariffs were applied. When import prices fell below the floor price a variable levy or surcharge was applied in addition to the basic tariff. If import prices were higher than ceiling prices, basic tariffs were also reduced. The obligatory application of the Andean Community Common External Tariff System was suspended until 31 December 2014. Notwithstanding, Colombia is continuously applying the Andean Price Band System. Retrieved from: <http://www.comunidadandina.org/Seccion.aspx?id=137&tipo=TE&title=politica-arancelaria>

113 CARLOS FERNANDO JARAMILLO, *op. cit.*, 130.

114 CARLOS SALGADO-ARAMÉNDEZ, *Economías campesinas*, in *La academia y el sector rural*, 105-150, 140 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005).

115 President Samper was accused of receiving funds from illicit drug trafficking in his presidential campaign.

116 CARLOS FERNANDO JARAMILLO, *op. cit.*, 131.

117 As to the announced agrarian reform, only 22% of the initial goal was accomplished, covering 224,000 hectares. The irrigation projects showed similar results (13,500 hectares of large projects

the governability crisis of the Samper government, the situation of rural violence deteriorated substantially.¹¹⁸ Between 1996 and 1998 the FARC achieved its highest peak of military power, which resulted in numerous attacks and military takeovers.

The government of President Andrés Pastrana-Arango (1998-2002) had to manage the economic crisis of the end of the 1990s.¹¹⁹ Therefore, the central element of his policies was to create macroeconomic stability. The National Development Plan titled Change to Build Peace [Cambio para Construir la Paz] was organized to facilitate the last unsuccessful peace negotiations with the guerrilla group FARC.^{120 121} A fundamental policy goal for the economy was, in addition to macroeconomic stability, export enhancement, which included general policy tools for all sectors.^{122 123} In agricultural policies productive alliances were established and incentives for late yield crops such as African palm were implemented.¹²⁴ Small agricultural producers were treated within the framework of export orientation and financing was designed to promote producer associations.¹²⁵ The agreements of competitiveness launched by the Samper government were the basis of these policies. The most

constructed and 18,000 hectares of already existing projects rehabilitated) with extremely high implementation costs (between USD 4500-USD 6500) (*Ibidem*, 133-134).

118 Although, the EPL and the M-19 guerrilla groups left arms as a result of the peace talks under the Barco government, the FARC reinitiated armed attacks in 1986, and the situation worsened when its headquarters "Casa Verde" was attacked in December 9, 1990 by the government of President Gaviria. Peace talks with the FARC were initiated without success in 1992. Verdad Abierta, *Frente V, protagonista de la guerra*.

119 The economic crisis was linked to the severe crisis in the financial sector resulting from the disfunctioning of the UPAC system.

120 SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 183 (Banco de la República, Bogotá, 2006).

121 The FARC further developed its operations and influence during the unsuccessful peace talks in the Caguán under the Pastrana government. Caracol Radio, *La historia de las Farc* (18 October 2012). Available at: <http://www.caracol.com.co/noticias/actualidad/la-historia-de-las-farc/20121017/nota/1780928.aspx>

122 MAURICIO CÁRDENAS-SANTAMARÍA, *La visión del desarrollo de la administración Pastrana Arango*, in *Modelos de desarrollo económico: Colombia 1960-2002*, 295-326, 319-320 (ALBERTO BAQUERO-NARIÑO, ed., Editorial Oveja Negra, Bogotá, 2002).

123 The general policy tools included custom-free zones, credit lines, infrastructure development, enhancement of Plan Vallejo and Proexport, and the promotion of foreign investment to generate technological development (*Ibidem*, 319-320).

124 SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 183 (Banco de la República, Bogotá, 2006).

125 LILIANA NÚÑEZ, *Políticas agrarias durante el gobierno Pastrana 1998-2002*, in *La academia y el sector rural* 5, 149-185, 157 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005). Available at: <http://www.cid.unal.edu.co/files/publications/CID200511maacse.pdf>

favored production chain was the dairy chain, which received 41.3% of all ICR resources, followed by African palm (24.4%), fruits and vegetables (12.8%), and poultry and pork (14.3%).^{126 127} Policies traditionally directed to small farmers such as DRI and PNR were eliminated by the Pastrana government; on the other hand, the elimination of illegal drug production became the central policy goal through the implementation of Plan Colombia.¹²⁸ Plan Colombia had social, productive, and military elements.¹²⁹ For small farmers, Plan Colombia implemented the Families in Action project.¹³⁰

In general terms, after 1994 the agricultural policies mitigated the effects of free trade and resulted in a system of “administered trade”.¹³¹ Nevertheless, this system was rather unfair as it provided high protection to some products such as rice, corn, sorghum, and sugar while it lowered protection to milk, palm oil, wheat, and banana; also, it maintained protection levels for coffee, cocoa, cotton, soy, and barley.¹³² As argued by Kalmanovitz & López-Enciso, the customs duty protection remained relatively high for agricultural products after the unilateral market liberalization of the 1990s. Effective average customs duties were oscillating between 5% and 8%, but the total customs duty, for example, for milk was still around 40%.¹³³ In the same period international trade in agricultural products increased less (4.5%) than global trade (6.1%). On the other hand, agricultural imports grew much more (11.6%) than agricultural exports (1.8%). What was mostly imported by

126 *Ibidem*, 166.

127 ICR was increased to finance up to 40% the modernization of machines and equipment, late yield crops with export potential (palm oil, cocoa, fruits, rubber, and asparagus), modernization of the dairy chain, genetic improvement of cattle farming, and correction of acidic soils (*Ibidem*, 157).

128 ABSALÓN MACHADO-CARTAGENA, *La academia y el sector rural: sus vínculos, sus interpretaciones, sus retos*, in *La academia y el sector rural I*, 16-38, 29 (ABSALÓN MACHADO-CARTAGENA, coord., Universidad Nacional de Colombia, Bogotá, 2005).

129 Plan Colombia received international funding mainly from the US but also from Europe, Japan, and Latin America. From the estimated USD 7,100 million budget for the period 1999-2003, USD 4,000 million were destined to the fight against illegal drug trafficking. In Plan Colombia for the small agricultural producers, the Integral Alternative Development strategy was developed to replace illegal drug production by viable productive projects (MAURICIO CÁRDENAS-SANTAMARÍA, *op. cit.*, 317).

130 Families in Action was designed for the poorest 20% of the population living in 352 municipalities, receiving COP 70,000 per month per child, if the family demonstrated that the children attended school and health centers (*Ibidem*, 315).

131 ABSALÓN MACHADO-CARTAGENA, *op. cit.*, 25.

132 CARLOS FERNANDO JARAMILLO, *op. cit.*, 142.

133 SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 185, 197, 225 (Banco de la República, Bogotá, 2006).

Colombia was food and by the agroindustry products to substitute local raw materials.^{134 135}

IV. COMPETITIVE NATIONAL MARKET AND EXPORT ORIENTATION UNDER THE URIBE GOVERNMENT

The most complete trade related market liberalization in the agricultural sector was finally launched by the two governments of President Álvaro Uribe-Vélez [2002-2006, 2006-2010]. Both National Development Plans were clear about the export orientation of the agricultural sector. They were also relatively clear about favoring large productive projects, while small producers were provided with opportunities to grow in alliance with large producers. As expressed by Andrés Felipe Arias, the rural problem was not related to land tenancy and rural property but to rural income generation; therefore the main policy goal was to generate rural employment. On the other hand, competitiveness was understood almost exclusively in economies of scale.¹³⁶

Both National Development Plans managed agricultural policies divided between two separate issues: i) promotion of agricultural exports and ii) social management of rural areas. The 2002-2006 National Development Plan titled Towards a Communitarian State [Hacia un Estado Comunitario] enhanced agro-industrial projects such as sugar cane production in production chains of ethanol for biofuels and palm oil production.^{137 138} These policy lines recog-

134 SALOMÓN KALMANOVITZ & ENRIQUE LÓPEZ-ENCISO, *La agricultura colombiana en el siglo XX*, 218-222 (Banco de la República, Bogotá, 2006).

135 The participation of agricultural products in all imports was 7.5% by the end of the 1990s, the highest of the previous 30 years, whereas agricultural product imports were gradually decreasing in the 1970s and 1980s. These imports grew much faster than the imports of processed food products. Agro-industrial products had higher export growth in all agricultural exports. Agricultural exports were more focused (in five products) than agricultural imports. Although coffee remained the most important export product, sugar and flowers were gaining participation. These tendencies were also explained by the growing interest of developing countries to increase their agricultural exports from developing countries (*Ibidem*, 218-222).

136 Interview with Andrés Felipe Arias, Minister of Agriculture and Rural Development of the second Uribe government.

137 ÁLVARO URIBE-VÉLEZ & FRANCISCO SANTOS-CALDERÓN, *Plan Nacional de Desarrollo 2002-2006: Hacia un Estado Comunitario*. Bogotá: Departamento Nacional de Planeación, DNP. Available at: <https://colaboracion.dnp.gov.co/cdt/pnd/pnd.pdf>

138 The 2002-2006 National Development Plan described the Colombian agriculture in a period of transition from plantations serving import substitution towards the specialization in exportable

nized the existence of unproductive land use, although they were not explicit, especially regarding extensive cattle farming being its main cause.¹³⁹

The second Uribe government's National Development Plan titled Communitarian State: development for all [Estado Comunitario: desarrollo para todos] treated the "poverty trap" at rural areas.¹⁴⁰ Therefore, policies included relatively more social elements.¹⁴¹ The granting of property titles also became a policy issue. Social policies such as Families in Action and Forest Guard Families were strengthened.¹⁴² On the other hand, the rural development policies for small farmers in addition to social welfarism were based on the idea of converting farmers into businessmen.¹⁴³

tropical goods. The agrarian crisis of the 1990s was described as a result of external factors such as the revaluation and the fall of international commodity prices (*Ibidem*, 222).

139 Interview with Andrés Felipe Arias, Minister of Agriculture and Rural Development of the second Uribe government.

140 ÁLVARO URIBE-VÉLEZ & FRANCISCO SANTOS-CALDERÓN, *Plan Nacional de Desarrollo 2006-2010: Estado Comunitario: desarrollo para todos*. Bogotá: Departamento Nacional de Planeación, DNP. Available at: https://colaboracion.dnp.gov.co/cdt/pnd/pnd_tomo_1.pdf, https://colaboracion.dnp.gov.co/cdt/pnd/pnd_tomo_2.pdf

141 Between 2002 and 2010 4.8 million hectares of land were awarded to 223,115 families. Ministerio de Agricultura y Desarrollo Rural, *Informe y rendición de cuentas. Gestión 2002-2010*, 52. Available at: <http://bibliotecadigital.agronet.gov.co/handle/11348/6142>. Mainly state-owned deserted areas (2.8 million hectares) awarded to 79,471 families. On the other hand, the land awarded from the National Agro Fund was only 24,674 hectares to 2,186 families of small farmers and displaced people, and resulted in rather small tenancies (*Ibidem*, 52). The support to production to small farmers was also organized through Productive Alliances with limited results. These alliances involved only 11,714 families in 24,745 hectares creating 17,771 jobs. Furthermore, the rural housing project benefited 73,973 homes in total but of those only 16,107 were families affected by forced displacement. Additional projects for small farmers were designed only towards the second half of the Uribe governments, the Rural Opportunities Program in 2007 and the National Food Security and Nutrition Policy in 2009 (*Ibidem*, 2010, 57).

142 The policies of Families in Action were developed in villages of less than 100,000 habitants, with a goal to attend 1.5 million families including 200,000 affected by forced displacement and 100,000 reinserted families. This policy included subsidies for nutrition and education (ÁLVARO URIBE-VÉLEZ & FRANCISCO SANTOS-CALDERÓN, *op. cit.*, 224).

143 The policies promoted agroindustry and rural tourism through productive projects financed through rural microfinance schemes (*Ibidem*, 222). Efficient land use and the dynamism of the land market were core issues including a project to establish a Bank of Lands to identify areas larger than 205 hectares to convert them into production of late yield crops and biofuels through national and foreign investment (*Ibidem*, 331).

As explained in the 2002-2010 Report of the Ministry of Agriculture and Rural Development, the first Uribe government's agricultural policies (2002-2006) were oriented towards investment to reduce inequity and to take advantage of the rural area potentials. The second Uribe government's agricultural policies (2006-2010) were more oriented towards the consolidation of rural equity linked to the growth and competitiveness of the sector. Between 2002 and 2009 land dedicated to agriculture increased by 20% from 4.1 million to 4.9 million hectares. In general the agricultural budget increased by 168% from COP 442 billion to COP 1.2 trillion (Ministerio de Agricultura y Desarrollo Rural, *op. cit.*, 61). The most important growth was in permanent crops (546,818 hectares) and in forests (177,358 hectares) (*Ibidem*, 3). Rural credits also increased by 291.9% from COP 1

The signing of FTAs was the central strategy of trade related market liberalization during the two Uribe governments.¹⁴⁴ The 2006 Agricultural Export Plan defined free trade and market expansion of agricultural products as the fundamental tool for sustainable rural development.^{145 146} Most contemporary trade agreements currently in force or under ratification were negotiated or renegotiated under the two Uribe governments.¹⁴⁷

The Uribe governments also recognized, as a result of the negotiations of the Trade Promotion Agreement with the US, that in Colombia it became necessary to provide a set of agricultural subsidies to the sectors considered losers of the negotiations; a project which became later known as Secured Agro Income (Agro Ingreso Seguro, AIS).¹⁴⁸ Luis Jorge Garay-Salamanca, Fernando

billion to COP 4.1 billion and resources for investment by 374.5% from COP 503 billion to COP 2.4 trillion (*Ibidem*, p. 61). Notwithstanding, between 2002 and 2010 the Agriculture GDP slowed down from 4.5% in 2002 to a negative growth of -0.7 in 2009. Positive values returned in 2010 with a moderate 1% of Agriculture GDP growth. Retrieved from <http://bibliotecadigital.agronet.gov.co/handle/11348/6142>

144 The Vision Colombia 2nd Centenary: 2019 (*Visión Colombia II Centenario: 2019*) established as central objective to improve substantially productivity in rural areas, facilitating its insertion into the national and international markets. It established 11 major goals for the development of the Colombian agriculture towards 2019. The first goal was to develop productive potential and to diversify exports. New export products were identified for this purpose (plantain; palm oil; tobacco; industrial yucca; potato; cocoa; biofuels; vegetables such as broccoli, onions, and paprika; fruits such as uchuva (cape gooseberry), passion fruit, mango, and lulo; forest products such as timber; and animal products such as tuna, tilapia, shrimp, bovine meat, and processed dairy products. Departamento Nacional de Planeación, DNP, *Visión Colombia Segundo Centenario: 2019. Propuesta para discusión*, 152. At http://archivo.cepal.org/pdfs/GuiaProspectiva/visionColombiaIIcentenario_2019comple.pdf). The other trade related objective was to create open agricultural product markets with permanency in time. It aimed to enhance national strategies to obtain preferential access to international markets as to expand national production. This policy goal was to be achieved by exploring new markets through bilateral and multilateral trade agreements and by promoting the development of the internal market to complement export strategies (*Ibidem*, 163).

145 Ministerio de Agricultura y Desarrollo Rural, *Apuesta exportadora agropecuaria 2006-2020*, 4. Bogotá. Available at: <http://bibliotecadigital.agronet.gov.co/bitstream/11348/6004/1/006.pdf>

146 It established 10 product groups for exports, together with the regions of Colombia that provided better conditions for their production, and included domestic clauses of equity (this latter concept not developed in detail).

147 New trade talks are continuously launched by the current Santos government. As analyzed by Andrés Felipe Arias, market liberalization implemented by the Uribe and Santos governments was more gradual than the market liberalization in the 1990s. FTAs resulted in a reciprocal liberalization of markets as opposed to the unilateral measures taken in the 1990s (ANDRÉS FELIPE ARIAS, *La nueva economía colombiana*, 324 (Universidad Sergio Arboleda, Bogotá, 2012). Nevertheless, it should be mentioned that Juan Manuel Santos-Calderón was the Minister of Commerce during the Gaviria government between January 1991 and August 1994.

148 The Colombian government accepted that the agricultural budget had to be readjusted. LUIS JORGE GARAY-SALAMANCA, FERNANDO BARBERI-GÓMEZ & IVÁN MAURICIO CARDONA-LANDÍNEZ, *La negociación agropecuaria en el TLC – alcances y consecuencias*, Capítulo 6, *Las ayudas internas al agro colombiano*, 157-166 (Planeta Paz, Bogotá, 2006). Nevertheless, Garay, Barberi, and Cardona con-

Barberi-Gómez, and Iván Mauricio Cardona-Landínez criticized the regulatory project of AIS and found it undefined regarding product groups, producers, projects, and support amounts. They suggested providing direct subsidies only to producers resulting as losers of the implementation of the FTAs with possibility to reconvert production in the short and medium terms.^{149 150}

In its implementation, AIS was open to all agricultural producers regardless of size.¹⁵¹ AIS was organized based on the presentation of productive projects in areas of competitiveness and sectoral economic support. According to PNUD 70% of AIS was distributed between the following main sectors: palm oil (20.3%), cattle farming (15.9%), coffee (15%), fruits (11.3%), and late yield crops (7.8%) (2011, 329). AIS was the central agricultural policy instrument of the two Uribe governments. Within the competitiveness project line issues such as late crop yield plant production; forest production incentives; productive infrastructure; irrigation and land preparation; sanitary system; technical assistance and insurance schemes, were financed by mainly subsidized credit lines and some direct subsidies. The sectoral economic support projects were mainly designed for specific sectors affected by the implementation of the Trade Promotion Agreement with the US.¹⁵² Notwithstanding, the

sidered inappropriate the implementation of a subsidy system to compensate asymmetries between Colombia and the US, especially regarding the fiscal deficit of Colombia at the time (*Ibidem*, 158).

¹⁴⁹ *Ibidem*, 161-163.

¹⁵⁰ Garay, Barberi, and Cardona rejected the idea to provide direct subsidies to winner sectors. These latter sectors could have been supported from resources dedicated to competitiveness and reconversion. LUIS JORGE GARAY-SALAMANCA, FERNANDO BARBERI-GÓMEZ & IVÁN MAURICIO CARDONA-LANDÍNEZ, *La negociación agropecuaria en el TLC – alcances y consecuencias*, Capítulo 6, *Las ayudas internas al agro colombiano*, 157-166, 161-163 (Planeta Paz, Bogotá, 2006). The United Nations Development Program PNUD in its 2011 Country Report shared the same arguments and criticized AIS being based on subsidies on demand, which favored large projects and distorted competition (Programa de las Naciones Unidas para el Desarrollo, PNUD, *Colombia rural. Razones para la esperanza. Informe Nacional de Desarrollo Humano 2011*, 330. Bogotá: INDH PNUD. Available at: <http://www.dhl.hegoa.ehu.es/recursos/781>. PNUD also argued that the Uribe government initially designed AIS to favor the poorest and most affected sectors by the FTAs. Nonetheless, as a result of the negotiations with the agricultural interest groups, AIS was directed to promote competitiveness without sectoral definition. This latter approach was especially represented by the SAC (*Ibidem*, 327).

¹⁵¹ The Special Credit Lines provided DTF-2% to all producers although with a 15-year term for small producers. (DTF is the average market interest rate of 90-day debit certificate of the commercial banks calculated per week in Colombia. In February 2013 DTF amounted to 4.82% effective annual rate. Retrieved from: http://www.google.com.co/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&sqi=2&ved=0CCoQFjAA&url=http%3A%2F%2Fwww.banrep.gov.co%2Festad%2Fdsbb%2Fsfm_006.xls&ei=RQAIUeGCLjA9gS3h4GIDg&usq=AFQjCNF2pWB7FHbCZrnJZqyBAaUb1ZmCcw&sig2=LyaPJwiZm8h99Dx8PBILAw).

¹⁵² Departamento Nacional de Planeación, DNP, *Agro Ingreso Seguro (AIS). ¿En qué invierte el Estado*

AIS scandal¹⁵³ resulted in a negative experience in connection with this first contemporary comprehensive agricultural subsidy policy in Colombia.¹⁵⁴

Aside from the AIS, the Uribe governments' agricultural policies covered price protection in the form of insurance schemes,¹⁵⁵ provided incentives for the storage of agricultural products, a guaranteed minimum price was also established for cotton, and an important support scheme for coffee production was also established.¹⁵⁶ The investment in infrastructure included the irrigation projects currently under implementation by the Santos government. For forestry an investment fund was established which had a COP 50 billion capital by 2010.¹⁵⁷ Biofuel was one of the most important sectoral

colombiano? *Los grandes proyectos de inversión del Estado Comunitario en 2008*, 2-6. Available at: https://spi.dnp.gov.co/App_Themes/SeguimientoProyectos/ResumenEjecutivo/0024003569999.pdf

- 153 The AIS scandal broke up with respect to the distribution of agricultural subsidies especially at Magdalena Medio and in the Caribbean Region, where important local families received State subsidies for the development of irrigation and land preparation projects. In 2007 in Magdalena Medio 20 families received a COP 7,239 million support, while in Boyacá 4,489 families requested COP 4,450 million in total. The two agricultural Ministers of the time (Andrés Felipe Arias and Andrés Fernández-Acosta) defended AIS arguing that support to large agribusinesses had a spill-over effect in the sector, creating new jobs, which favored all actors. *Semana*, Redacción Política, *Agro Ingreso Seguro: ¿caja para ricos y reinas?*, *Semana* (29 September 2009). Available at: <http://www.semana.com/politica/articulo/agro-ingreso-seguro-caja-para-ricos-reinas/108090-3>

Cecilia López-Montaña, ex-Minister of Agriculture and Rural Development of the Samper government, criticized AIS for being unequal. The objective of the AIS legislation was to "protect the income of affected producers by the distortions derived from the external market and to improve competitiveness of the whole agricultural national sector in occasion of the internationalization of the economy" (Article 1), while through its implementation COP 25 billion were transferred to large agricultural projects. Furthermore, the supported large agricultural projects did not create new jobs and most probably were not even new projects but served to refinance projects already in course taking advantage of subsidized interest rates. According to Cecilia López-Montaña, 83% of the AIS resources were channeled to large and medium size producers, although 92% of the participating producers were small farmers who received only 23% of the resources. CECILIA LÓPEZ-MONTAÑA, *Agro Ingreso Seguro no es una telenovela*, *Portafolio* (9 October 2012). Available at: <http://www.portafolio.co/opinion/agro-ingreso-seguro-no-es-una-telenovela>. Currently, various civil servants involved in the AIS scandal are in prison or under trial, including the ex-minister of Agriculture and Rural Development Andrés Felipe Arias.

- 154 One of the negative effects of the AIS scandal, according to the analysis of *Dinero* magazine was the exaggerated counter reaction of the Santos government that dedicated the AIS funds (renamed DRE) almost exclusively to small and medium size producers, not considering the requirements of economies of scale, especially applicable in times when the objective is to take advantage of the FTAs in force. JUAN MANUEL LÓPEZ-CABALLERO, ¿Cómo hablar de 'Desarrollo Rural'?, *Dinero*, 15 December, 2012). Available at: <http://www.dinero.com/edicion-impresa/opinion/articulo/como-hablar-desarrollo-rural/166274>

- 155 For corn, sorghum, and soy, and for exportable agricultural products such as sugar, cocoa, flowers, fruits, vegetables, shrimp, and bovine meat.

- 156 Ministerio de Agricultura y Desarrollo Rural, *Apuesta exportadora agropecuaria 2006-2020*, 17. Bogotá.

- 157 *Ibidem*, 24.

focus areas of the Uribe governments.¹⁵⁸ The State support was essential in this process providing income tax exemption for 10 years and the possibility to operate establishments in free-trade zones.¹⁵⁹ There were also efforts taken in research, technology transfer, and in sanitary issues.¹⁶⁰ Nevertheless, in its majority these agricultural policy lines reflected the support to large agribusinesses.

The two Uribe governments gave more attention in their economic policies to agriculture than its predecessors of the 1990s.¹⁶¹ On the other hand, these policies reflected the policy paradigm contradiction between the priorities of a heavily agribusiness oriented export sector and limited welfare policies designed for small farmers.¹⁶² As criticized by PNUD,¹⁶³ the Uribe governments created clientelism between sectoral interest groups competing to obtain State subsidies.¹⁶⁴ As the Colombian State was weak, this competition did not result in more efficiency but in the further cooptation of the State.

158 Biofuels are linked to, among others, palm oil, sugar cane, yucca, beetroot, and corn production. By 2010 the daily ethanol production was 1.1 million liters and of biodiesel 1.8 million liters, produced in 14 establishments employing 47,000 workers (*Ibidem*, 25-26).

159 *Ibidem*, 25-26.

160 In 2009 Colombia obtained the certificate of 100% free of foot and mouth disease by vaccination. Notwithstanding, during the two Uribe governments only three international sanitary protocols were signed for the dairy sector with Jamaica, Dominican Republic, and Bangladesh (*Ibidem*, 42).

161 Although the agricultural budget significantly increased in the 2002-2009 period, it was far in proportions of GDP from prior 1990 levels (Programa de las Naciones Unidas para el Desarrollo, PNUD, *Colombia rural. Razones para la esperanza. Informe Nacional de Desarrollo Humano 2011*, 315. Bogotá: INDH PNUD. Available at: <http://www.dhl.hegoa.edu.es/recursos/781>

162 Most probably, it was the result of not considering the small farmer economy and the rural society in an integrated manner (*Ibidem*, 314).

163 *Ibidem*, 312.

164 As analyzed in the *OECD Review of Agricultural Policies: Colombia 2015*: Colombia in 2013 had a total value of agricultural production (at farm gate) of 52,331,879 million COP with Producer Support Estimate (PSE) amounting to 11,010,188 million COP, in percentage terms 19.8% (only 0.3% lower than in the European Union). Nevertheless, more than 70% of the PSE (7,749,141 million COP) occurred in the form of Market Price Support (MPS). MPS is calculated based on the gap between domestic and international prices and it is the result of protective trade and domestic measures, as well as infrastructure deficiencies. On the other hand, out of the whole PSE only 10% was spent in the form of Budgetary Support, which gets at least indirectly to the producers. In any case, subsidies, which provide direct redistribution to producers, such as payments based on current or non-current A/An/R/I were not implemented in any form. Organisation for Economic Co-operation and Development, OECD, *OECD Review of Agricultural Policies: Colombia 2015*. Available at: <http://www.oecd.org/countries/colombia/oecd-review-of-agricultural-policies-colombia-2015-9789264227644-en.htm>.

All the above describes a distorted agricultural market in Colombia.

FINAL REMARKS

In this article we analyzed that the current challenges of agricultural policies had been present in Colombia since the 1970s. President Misaël Pastrana-Borrero prioritized the interests of urban-industrial development, whereas backwardness in agriculture was considered as an impediment. President Alfonso López-Michelsen brought definite export orientation, with the idea of generating development by agriculture and medium and small businesses. President Julio César Turbay-Ayala focused on infrastructure, energy, and mining sectors and promoted the idea of agribusiness and agroindustry. President Belisario Betancur had a central role for agriculture to offer available food, as well as to participate in increasing exports, but these policies were not implemented. President Virgilio Barco was the first to identify the fight against rural poverty as central element of the peace policies. As further analyzed, the government of César Gaviria-Trujillo implemented the most comprehensive unilateral market liberalization policies in Colombia with a conceptual change in agricultural policies towards the promotion of agroindustrial production chains. President Ernesto Samper's agricultural policies favored welfare policies for small farmers and the rural poor, as well as commercial policies for agroindustry. President Andrés Pastrana implemented the productive alliances and incentives for late yield crops. During the government of President Álvaro Uribe-Vélez agricultural policies were export orientated and favored large productive projects, while policies for small producers were based on alliances with large producers.

In this way, it was demonstrated that the questions of production structure, competitiveness, and in general, the role of agriculture in the economy had remained recurrent and unresolved during all these years. These questions had been treated in slightly different manners depending on the prevailing interests of the time. On the other hand, these policy responses lacked long term planning and rigor in their implementation.

Successful agricultural policies cannot be made through exclusion by a) political and economic elites, b) implementing foreign commercial policies, or c) negotiating peace agreements. I urge in this article again the implementation of a sincere, inclusive and broad policy debate on agriculture in Colombia.

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