

The Republic of Colombia

Positions for the Economic Commission of Latin America and the Caribbean

I. Encouraging Multinational Corporations to Invest and Provide Opportunities within the Borders of Latin American Member States

Due to the liberal economic policies of President Cesar Gaviria Trujillo in the early 1990s, the Republic of Colombia (hereafter Colombia) has opened its borders to foreign direct investment (FDI). Since it began encouraging foreign direct investment, Colombia has passed a multitude of laws in order to ensure the success of the multinational corporations (MNCs) that are located within its borders. The use of these corporations as a source of income is imperative and must continue; however, in order to ensure job security and a safe work location, there must be a renewed focus on the needs of the laborers. Furthermore, there needs to be an increase in technological corporations within Colombia's borders, due to their importance as the up-and-coming source of jobs of the global economy. Additionally, Colombia is looking to engage in joint ventures with North American companies, due to their technological experience and the education that Colombians could acquire from these ventures.

Colombia is considered to be the third most business-friendly country in Latin America, and fifth worldwide, by the World Bank. Colombia has also seen an increase of investment from 15% in 2001 to 23% in 2009 due to high investor confidence. Furthermore, from 2003 to 2010, foreign direct investment within Colombia has increased from \$1.7 billion to \$7.4 billion, particularly in the mining and oil sectors of the economy, which has led to an increase in foreign investment in retail and manufacturing services. In order to entice these multinational corporations into establishing businesses within the country, Colombia offers up to a fifty percent tax break on sales that are kept within the local market. Furthermore, Colombia recently enacted a law to incentivize FDI by waving income tax for the first two years, and then reducing taxes until the fifth year. Also, any advertising or property expenses used to promote business activity are tax-deductible. Moreover, Colombia has developed a pending free trade agreement with the United States that will lower trade barriers and promote importing and exporting opportunities. Likewise, Colombia offers a 125% tax deductible to scientific and technological MNCs and a 200% tax deduction on salaries and benefits being paid to handicapped workers.

In order to entice these multinational corporations to continue investing, Colombia will continue tariff reductions, financial deregulation, and a continuation of even more liberal foreign exchange rates. As such, we encourage our fellow Member States to sign international investment agreements and follow the example that Colombia has set in regard to offering incentives and tax-breaks for MNCs. Colombia recommends the development of a regional free trade zone between Latin America and the Caribbean and North America, believing it would be beneficial for the economies of said countries, as well as for encouraging FDI within Latin American and Caribbean Member States. Colombia believes that the development of infrastructure within countries lacking the necessary infrastructure necessitated for the operation of MNCs would also be mutually beneficial. Colombia also believes that in order to attract technologically advanced MNCs into the borders of our fellow Member States, specialized education in technological activities must be developed in order to keep Latin American countries competitive. This would help Latin American youth to become more involved in the MNCs themselves, as it would allow them to be trained in this technology, and would provide them with the knowledge to contribute to the MNCs through ideas and innovations. This can be done through the use of not-for-profit organizations. However, there must be a focus on the employees of these companies in order to ensure that the International Labor Organization's Declaration of Fundamental Principles and Rights at Work is upheld. Local non-governmental organizations can aid in this process by educating laborers on their rights and encouraging laborers to anonymously report any abuse in the work place. Furthermore, standards for punishing violators must be set, and consistently enforced.

II. Opportunities and Risks for Regional Development in Biofuels

The Republic of Colombia believes that the way to reduce the world's dependence on petroleum is through the development of alternative energy sources, mainly through regional development in biofuels. Alongside other regional actors, Colombia is one of the leading producers of biofuels in the region, and in terms of biodiversity, it is the second-richest country in the world. Colombia believes that biofuels are the way of the future because they

decrease greenhouse gas emissions and increase energy security. Within developing countries, development in biofuels would create new jobs, and help decrease disparity between the urban rich and the rural poor, without negatively impacting the food supply of the country or of the region. According to former President Alvaro Uribe, “the production of biofuels, is one of [the] administration’s priorities.” Likewise, Hernando Martinez, the Colombian Minister of Mines and Energy considers it “especially important for [Colombia] to use biofuel development as a counterbalance to the cultivation of illicit crops,” by using fields typically associated with coca production for the growth of crops that can be used for the production of biofuels.

Colombia has produced over a billion liters of ethanol in 2010, and is working on developing more efficient ethanol refining tactics, and on converting sugar cane into energy, and on the development of a process to convert waste into fuel in order to reduce the dependence on fossil fuels. Furthermore, Colombia is researching the use of potatoes and castor oil plants as sources of energy, according to Leonidas Tobon, Director of the Agriculture Ministry’s Institute of Technological Development. Currently, seventy percent of Colombia’s power generation comes from hydropower, and recently, the Republic of Colombia has passed legislation requiring ten percent of gasoline to contain ethanol, in an attempt to reduce the dependency of petroleum, and has pledged to increase that percentage to twenty-five percent by the year 2025.

In order to be a leading power in the future of biofuels, the Republic of Colombia believes that it must continue researching and developing its programs for the production of ethanol and fuel from cane sugar, and other plausible sources. Colombia also recommends the formation of a Regional Scientific Initiative (RSI) for the purpose of bringing together scientists and engineers from Member States in the region, for energy exploration in the biofuels area, and recommends to Member States the offering of financial incentives such as tax credits, tax exemptions, grants, and loans for companies willing to develop and/or utilize biofuels. Furthermore, Colombia recommends a lowering of carbon fuel standards throughout the region, and believes that this can be commenced through the use of school, state, and public fleets of transportation that run, at least partially, on biofuels.

III. Fighting Drug Production and Trafficking in Latin American Member States

The Republic of Colombia feels that the issue of drug production and trafficking in Latin American Member States is one that needs immediate attention and a prompt plan of action that will ensure the problem is alleviated in the short term and sustainably resolved in the long term. As a signatory of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, Colombia believes that the international machinery for halting the traffic of illicit drugs needs to be strengthened, by reducing the demand for illicit drugs. Furthermore, Colombia also believes in an aggressive stance against the trafficking of chemicals and drug precursors for the production of illicit drugs. The drug trafficking industry within Colombia has impacted the economy, environment, public health and education systems of the country and funded drug cartels with rebel agendas. As such, Colombia feels that the issue of the drug trafficking industry in Latin America has the power to undermine legitimate authorities and destabilize the regional economies and, therefore, must come to an end.

In order to combat the illicit trafficking of narcotic drugs, the Republic of Colombia has developed Plan Colombia, alongside the United States government, for the eradication of illicit crops and the development of alternative crops to supplement the income of those affected by the eradication of the illicit crops. In 2003, the tactics of Plan Colombia helped to keep \$100 million in illicit income from terrorist organizations. Additionally, Plan Colombia has made movements to destroy the coca producing industry in Southern Colombia, a stronghold of the Revolutionary Armed Forces of Colombia (FARC), an insurgent guerrilla organization that uses drug trafficking to finance their operations. The development of the Colombian National Police against drug trafficking has also aided in the capture and extradition of various drug lords to the United States where they are tried and sentenced, and has been extremely effective at doing so, capturing 100 drug lords a year for the past decade.

The people of the Republic of Colombia do not consume the illicit drugs produced in Latin America, but rather the illicit drugs are consumed by the developed nations of the North. In the words of President Juan Manuel Santos, “we are all affected by this scourge of drug trafficking... we must sit down and work out how we are going to react... All strategies that are combined are more effective.” Colombia believes that in order to combat the drug trafficking issue in Latin America, a multilateral approach is necessary, and the best way to do this is through the development of a region specific multilateral task force comprised of unilateral police forces from each Member State for the patrolling of borders, and for kinetic drug traffic raids. Furthermore, the development of alternative crops is a suitable way to halt illicit narcotic production. One way to do this is by encouraging the use of microfinance. By giving farmers not only the means, but also the education to develop their own businesses, they are given the opportunity to develop their own source of income, and therefore, narcotic production is decreased.