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Peace is Better Business, and Business Makes Better Peace: The Role of the Private Sector in Colombian Peace Processes

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**Peace is Better Business, and Business Makes Better Peace:
The Role of the Private Sector in
Colombian Peace Processes**

Angelika Rettberg

No 240

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Abstract

The involvement of business in peace negotiations and peacebuilding has become a standard concern for countries involved in transitions from armed conflict. This article sheds light on the recent history of the private sector's role in peace processes in Colombia – a country that has been engulfed by conflict for almost five decades. The present paper illustrates how business perceptions and behavior have evolved throughout various attempts at negotiating peace, revealing that both the perceived costs of conflict and the expected benefits of peace play a part in promoting business pro-peace activism. A focus on business preferences is important for scholarly and public policy purposes. In light of dwindling international cooperation resources, it is likely that the Colombian state and society (mainly wealthy taxpayers and the business community) will bear the brunt of Colombia's peacebuilding costs. Understanding when, how, and why crucial allies (and potential foes) of peace processes become mobilized is therefore crucial for analyzing the prospects of durable peace in the country.

Keywords: Colombia, private sector, armed conflict, peace process, peacebuilding

JEL Code: D22, D74, N96

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Peace is Better Business, and Business Makes Better Peace: The Role of the Private Sector in Colombian Peace Processes

Angelika Rettberg

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1 Introduction

“We warn you about the consequences of a bad ending, such as the one I expect for this process” (*El Espectador* 2013).¹ These harsh words, made by the president of the Colombian Cattle Ranching Association (Federación Nacional de Ganaderos [Fedegán]), contrast with the active role that important segments of the Colombian private sector have played in promoting the current peace process between the government and the Colombian Revolutionary Armed Forces (Fuerzas Armadas Revolucionarias de Colombia [FARC]).²

1 The original statement was “Advertimos las consecuencias de un mal final, como creo que va a terminar el proceso” (*El Espectador* 2013).

2 The Colombian armed conflict began in 1964, when the two main Leftist guerrillas—the Colombian Revolutionary Armed Forces (Fuerzas Armadas Revolucionarias de Colombia [FARC]) and the National Liberation

Business involvement in negotiations and peacebuilding is not a recent phenomenon in the country, as will be documented below. More importantly, in light of increasing budget limitations for international cooperation in development and peacebuilding (Rettberg 2012) – resulting both from the global financial crisis as well as from the shift of interest toward Africa – it is likely that the Colombian state and society (mainly wealthy taxpayers and the business community) will bear the brunt of Colombia's peacebuilding costs. The relevance of the business sector's backing of peace negotiations and peacebuilding can therefore not be overstated; via taxes, employment, and other contributions it supports processes including institutional reform, demobilization, and victim reparations. Business opposition, in turn, can hamper progress on crucial issues such as the design and implementation of land reform and a direly needed review of the country's fiscal structure.

However, business participation in peacebuilding issues serves more than material purposes. For many sections of society, the involvement of the owners of capital and company managers holds significant symbolic value, representing a commitment and willingness to accept change. Thus, in an overall business-friendly society – such as that found in Colombia – business participation should also be considered a source of political legitimacy for tasks related to diverse peacebuilding goals (Rettberg 2007, Rettberg and Rivas 2012).

This article will both describe and analyze the participation of Colombian business in the ongoing peace talks taking place in Havana, Cuba, with the support of the governments of Cuba, Chile, Norway, and Venezuela. Specifically, it will

- a) review the private sector's experience in peace negotiations in the country,
- b) examine some of the factors that have shaped business preferences in the context of the conflict,
- c) describe the current participation and political positions of the private sector in the ongoing talks, and
- d) identify several challenges faced by the Colombian business community in terms of building peace in the country.

This paper will illustrate that Colombian business generally favors resolving the armed conflict via negotiations. However, it will also show that divisions persist regarding

- a) whether to conduct peace talks with or militarily defeat the remaining guerrilla forces;
- b) specific topics on the negotiation agenda, specifically the fate of the agrarian sector, land restitution, and victim reparations; and

Army (Ejército de Liberación Nacional [ELN]) were formed. Both are still active today, although both are currently involved in discussions over an eventual demobilization. Between the 1980s and 2004, guerrillas were confronted not only by the Colombian Armed Forces but by Rightist paramilitary forces, who have since demobilized. The conflict has claimed over 200,000 lives and has produced the forceful internal displacement of close to five million people. Remaining FARC and ELN fighters amount to about 11,000 individuals.

- c) the question of how the costs associated with peacebuilding will be distributed within society in general and the business community in particular (e.g., raising taxes, restructuring the national budget, increasing calls for international cooperation).

It will be argued here that the existence of a critical mass within the business community in favor of negotiated peace augurs well for the private sector maintaining its commitment to negotiated peace and the resulting costs. However, the factors currently causing divisions need to be considered carefully by negotiators on both sides to avoid a spillover of recalcitrant business factions to supporters of negotiations, as the former could hamper the business support that sustainable peace in Colombia requires.

2 The Role of Business in Previous Peace Negotiations

With over 5.8 million registered victims (Unidad de Víctimas 2013), the Colombian armed conflict is one of the deadliest in the world. It is also one of the longest-running active conflicts. In addition to the significant human costs, the armed conflict has accumulated huge material costs, amounting to around 3 percent of GDP (on average, 0.6 percent of GDP/year according to Ibañez and Jaramillo 2008). The state has also incurred significant military expenditure, amounting to 3.6 percent of GDP (SIPRI 2012). As a result of war-related devastation and an ongoing weakness of the Colombian state, an important war economy has developed in the country – associated mainly with the drug trade (Gaviria and Mejía 2012), but also with the extractive industry and other legal resources (Leiteritz, Nasi, and Rettberg 2009; Rettberg, Leiteritz, and Nasi 2011).

Over the past decades, the country has witnessed numerous efforts to bring a negotiated end to the confrontation between the guerrillas and the state. As a result of these endeavors, insurgent groups such as M-19, the Quintín Lame Movement (Movimiento Quintín Lame [MQL]), and the Popular Liberation Army (Ejército Popular de Liberación [EPL]) demobilized in the early 1990s, as did the right-wing United Self-Defense Forces of Colombia (Autodefensas Unidas de Colombia [AUC]) between 2003 and 2006. However, the two main left-wing guerrilla forces, the FARC and the National Liberation Army (Ejército de Liberación Nacional [ELN]) (both founded in 1964), are yet to lay down their arms.

3 The Costs of Conflict from a Business Perspective

The armed conflict has exacted numerous burdens on Colombian society and the economy (Camacho, Rodríguez and Zárate 2012). A survey of business owners and executives published in 2008 documents the impact the conflict has had on economic activity in the country

(Rettberg 2008).³ One of the survey's main conclusions was that the costs of the conflict have impeded economic activity. However, costs have not been evenly spread. For instance, factors such as company size, sector of the economy (and the degree to which the sector is labor intensive and/or oriented toward international markets), company nationality, and region of the country has determined how the conflict has affected companies.

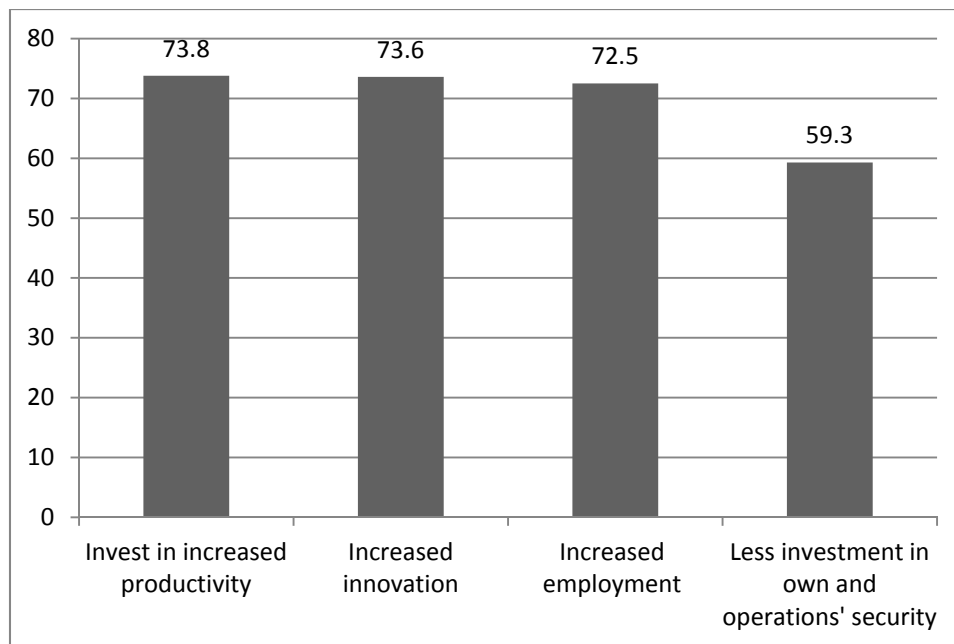
According to the survey, the majority of Colombian businesses have suffered from indirect costs (e.g., loss of business opportunities, delays in merchandise distribution, opportunity costs, investments in security and insurance, and taxes) rather than direct costs (e.g., kidnappings, extortion, and attacks against staff and/or operations). Larger companies were more likely to report costs than smaller ones; larger companies also reported higher growth. Smaller companies more frequently mentioned making extortion payments as well as suffering from closures. Businesses with nationwide operations were more likely to pay extortion to illegal armed groups and experience logistical disruptions than were companies with regional or local operations. Mining, gas, electricity, agriculture, and transportation companies most frequently reported direct costs related to the armed conflict, while financial services and investors least often mentioned such costs.

The results of the survey provide a better understanding of the kinds of impacts the Colombian armed conflict has had on economic activity, as well as the types of enterprises and sectors that are most vulnerable (or less exposed and more resilient) to certain costs associated with the conflict. The results also indicate possible links between the impact of the armed conflict on businesses and political preferences in terms of peace negotiations. As I have argued elsewhere, the greater the perception of high conflict costs, the higher the likelihood that the business sector will support peace negotiations as a solution to armed conflict and as a strategy to protect assets and operations (Rettberg 2007).

The survey additionally provides insight into what Colombian society and the economy are missing due to the conflict hindering private-sector activity. As presented in Figure 1, three-quarters of the sample of Colombian businesses reported that they would be more productive, be more innovative, and increase employment in the absence of armed conflict. Only a small percentage would invest less in their security, reflecting a well-learned lesson about postconflict criminality: the ongoing circulation of weapons and remaining criminal structures mean that crime is not only likely to continue after a successful peace accord, it is even likely to increase.

3 The survey included phone interviews with the legal representatives of 1,113 enterprises of different sizes, located in six Colombian cities, from all sectors of the national economy and with national, regional and local reach (find a summary in English online: <www.international-alert.org/pdf/Exploring_peace_dividend_Colombia.pdf>).

Figure 1: In What Way Would You Run Your Company Differently in the Absence of Armed Conflict in Colombia (in Percentages)?



Source: Rettberg (2008).

4 Business and Peace Negotiations in the 1980s and 1990s

Marked to different extents by the vagaries of political and economic crises, the Colombian business sector is not a newcomer to peace negotiations in the country. However, in the course of history, its participation has become both more intense and more professional due to its accumulated experience and knowledge of the challenges involved in peacebuilding. During certain periods, the impact and costs of conflict on economic activity has been the main factor behind business support. However, variation in the sectors and companies involved suggest that other factors (such as an awareness of opportunities and investments foregone) have also come to play an important role in rallying corporate backing of negotiations. This section will describe the evolution of these factors throughout the peace negotiations that have taken place in the past three decades.

4.1 President Belisario Betancur (1982–1986)

Even before President Betancur formally launched the country's first peace talks with the Colombian guerrillas, the National Association of Industries (Asociación Nacional de Industriales de Colombia [ANDI]) – then the private sector's main association and spokesorganization – contended at its annual meeting that peace should be a national purpose: "Without social justice, we will not regain peace and tranquility," said ANDI's president thirty years ago,

echoing President Betancur's emphasis on addressing the so-called objective or structural causes of violence (Kalmanovitz 1991, p. 202).

Although unwilling to contribute financially (via higher taxes for security and greater social investment), private sector associations – especially ANDI – and individual members of the business community occupied important positions in the government negotiating team (Betancur 2002). In addition, business associations met regularly at the presidential palace to discuss the government's peace negotiations strategy (Kalmanovitz 1991).

However, this participation did not reflect a widespread concern with conflict or peace on behalf of the whole Colombian private sector. Conflict levels and costs were still low (compared to those 20 years later) and society was more concerned with the growing drug trade and its effects on domestic criminality (Kalmanovitz, 1991). As recalled by the president of ANDI's office in Bogotá:

At that time there was no awareness among businesspeople that we should be a part of this [effort to negotiate peace] [...]. The private sector in the 1980s was either skeptical or clearly opposed to peace negotiations. [...] Remember, this was during the Cold War.

(Betancur 2002)

Despite the corporate sector's low profile in negotiations, guerrilla leaders were aware of the advantages offered by the presence of capital owners at the negotiating table:

They [the FARC] had a strong preference for discussions with businesspeople. They saw us as their opponent [...] they got dialectic anxiety. [...] They saw the need to hold discussions with the private sector, but the private sector had no interest in discussing anything with them, they were viewed as someone living in the woods.

(Betancur 2002)

This was reflected in the associations' reluctance to accept key aspects of Betancur's peace policy, including reforms of the police code of conduct and an amnesty for ex-combatants (Kalmanovitz 1991).

Talks led by President Betancur were partially successful in demobilizing a fraction of FARC combatants, who formed the Patriotic Union (Unión Patriótica) political party. The latter was, however, subjected to severe persecution by right-wing extremists, leading to the death of thousands of UP members (Cepeda and Girón 2005). In terms of business participation, these talks, as well as subsequent attempts to negotiate peace (e.g., in Caracas and Tlaxcala in the 1990s), laid the seeds of negotiation activism in the private sector. These initial efforts, however, were still limited largely due to fact that the armed conflict had not yet developed its full destructive potential.

4.2 Presidents Ernesto Samper (1994–1998) and Andrés Pastrana (1998–2002)

This changed significantly in the mid-1990s, when economic recession, a severe crisis of governance, and an unprecedented escalation of violence increased the costs of the conflict for all of Colombian society and, specifically, the private sector. Fears that the conflict was scaring away foreign investors and preventing domestic capital from being used more productively figured prominently among business arguments in favor of talks. While Colombia had previously been able to maintain levels of economic growth similar to or higher than the Latin American average (Echeverry 2002), many businesspeople believed that the long standing Colombian conflict had finally become a liability to the country's competitiveness both regionally and globally.

The widespread assumption that the Colombian GDP would grow at an additional 2 percent a year in the absence of conflict convinced many in the business community to consider investing in peace and supporting a negotiated resolution. In brief, growing violence and an awareness that ongoing conflict was responsible for lost opportunities aided the development of a critical mass within the business community in favor of a negotiated solution. This group increasingly linked its own livelihood and chances of economic success to ending the conflict and its associated costs.

As a result, the business sector became a crucial ally of President Pastrana (1998–2002) and supporter of his efforts to begin negotiations with the Colombian guerrillas at the end of the 1990s. During these peace talks (held in the southern region of El Caguán), business members participated in the negotiating team, served as facilitators representing civil society, and developed an important leadership role in local and regional peacebuilding initiatives (Rettberg 2004, 2009, 2010). Some of these businesspeople had had their first exposure to talks in the 1980s. This unprecedented activism spawned a growing conscience regarding the role of the private sector in peacebuilding, activated flows of resources to corporate-led peacebuilding activities, and attracted the attention of international donors and development offices (Rettberg and Rivas 2012). "Peace is better business" was the standard slogan expressed by public and private officials alike.

Numerous congresses, workshops, and other public appearances saw businesspeople refer to the importance of a peaceful solution to conflict. Several prominent business leaders even referred to the private sector's responsibility in peacebuilding. The president of Suramericana de Seguros (an insurance holding company) and visible head of one of the country's four largest conglomerates, Nicanor Restrepo, gave several public addresses and later published *Derecho a la Esperanza* (The right to hope), a 45-page booklet discussing the causes and costs of the Colombian conflict and lining out steps toward overcoming its impacts (Restrepo 1999). In his book, Restrepo estimated that a ceasefire would generate 800,000 new jobs per year and would allow the Colombian economy to grow an additional 1.5 percent per year. Similarly, during his address to alumni of Universidad del Rosario, real estate tycoon Pedro

Gómez Barrero underscored the notion of shared responsibility in analyzing the causes of the conflict, while also highlighting the economic costs of the conflict (Gómez 2001).

Much of this enthusiasm was combined with actual peacebuilding activity. In contrast to other Latin American countries, Colombia has seen many companies get involved in peacebuilding and philanthropic activities (Villar 2001). During the years prior and, in particular, during Pastrana's peace negotiations, various business-led peace initiatives at the regional and local levels were motivated by the belief that the development of conflict-ridden areas (so-called red zones) would likely bring peace and stability (for operations) sooner than official negotiations (Rettberg 2004).

A reflection of this qualitative change in the private sector's interest in supporting peacebuilding was the founding of the Ideas for Peace Foundation (Fundación Ideas para la Paz [FIP]) by several large companies in 1999. The purpose of this corporate-backed think tank was to advise government mediators on the design of a negotiation agenda and encourage a peaceful resolution of the conflict. In addition, FIP has developed a growingly sophisticated and policy-relevant research agenda that promotes peacebuilding, development, and security.

However, negotiations in El Caguán were severely flawed both in procedural and political terms (Departamento de Ciencia Política 2012; Medina 2009; USIP, Georgetown, Uniandes, and CINEP 2012; Villarraga 2008), leading to their collapse in 2002 and widespread disillusionment with the utility of talks. In fact, by the end of the Pastrana government, the public (and business) opinion had swung in the opposite direction, embracing recently elected president Álvaro Uribe's (2002–2006, 2006–2010) strategy to militarily defeat Colombia's guerrillas.

4.3 President Álvaro Uribe (2002–2006, 2006–2010)

The new president promoted a significant tactical overhaul of available military forces and the extension of the state's presence throughout Colombia. This effort was funded by both taxpayers and the United States via "Plan Colombia," a policy package linking the war on drugs to the fight against Colombian guerrillas. The extent of support garnered by President Uribe was evidenced by business representatives' acceptance of his harsh fiscal reform (termed the "democratic security" strategy), which required the private sector to take on a significant part of the financial burden in the war effort against the rebels.

Due to the rapid and impressive results of Uribe's democratic security strategy (homicides and kidnappings decreased, and public perception of security increased), the business community experienced its second "peak of enchantment" in less than five years. The sector was initially spellbound with Pastrana's attempts to secure a quick negotiated solution, then with Uribe's promise of a straightforward military solution. The latter led to the atrophy of many business-led peace initiatives, as hopes ran high that a "strong hand" approach would prevail.

Largely due to the success of this military strategy, the country's economy has undergone steady changes in the past 10 years: increased economic growth, the diversification of sectoral production, and increased foreign investment (which has tripled in volume since 2002 and doubled its contribution to GDP from 2.2 percent in the period from 1933–2005 to 4.2 percent in the period 2005–2011) (Garavito, Iregui and Ramírez 2012, pp. 25–26). Today, the Colombian economy is considered one of the most promising economies among middle-income countries. On the basis of this success, Álvaro Uribe was reelected with high levels of popular support.

During the 1980s and 1990s, Colombia was considered the Andean problem case due to violence related to the drug trade, the armed conflict, economic recession, political ungovernability, and widespread corruption. In recent years, however, the country has been described as a booming economy (part of the CIVETS group⁴), an outstanding partner to the United States in the war on drugs, and a model case for controlling violence (homicides and kidnappings are down and an increasing percentage of the national territory is considered safe) – the latter of which accounts for growing domestic tourism and a renewed interest in investing in far-from-center regions.

Even though the military success of the Uribe government undercut the private sector's commitment to peacebuilding issues, some core activities continued (such as participation in government-led demobilization and reintegration programs). In addition, the business community – in contrast to those in other transitional countries and those during previous periods of the Colombian armed conflict – maintained its pledge to pay taxes related to both peace and war efforts (Rettberg and Rivas 2012).

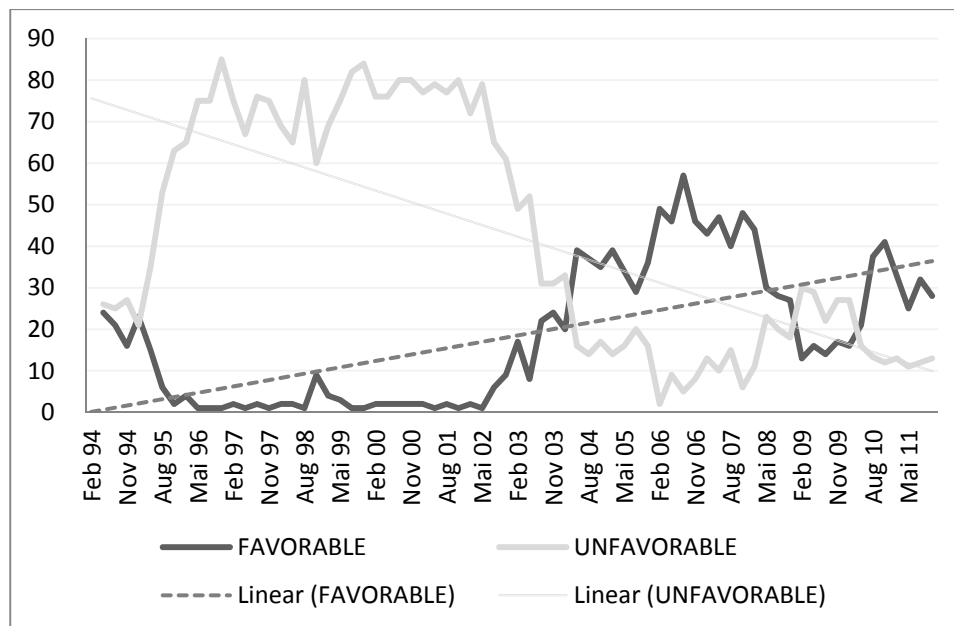
4.2 Summing up

Figure 2 captures one way to track the evolution of conflict costs and the reaction of the business community so far. In short, it illustrates how the perception of the sociopolitical conditions for investment first declined and remained at its lowest point from the mid-1990s to 2001 but has steadily improved since then. This provides an important point of reference in our understanding of the political context in which Colombia's private sector has operated and this context's implications for business preferences and strategies regarding ending the conflict.

In sum, over the past 25 years, the Colombian business sector has undergone an important learning process in matters related to peacemaking and peacebuilding (Rettberg and Landínez 2012). Simplistic expectations that either negotiations or a “strong hand” approach will unproblematically bring peace to the country have given way to an increased understanding of the complexity of the Colombian conflict and its possible solutions.

4 CIVETS is an acronym for the group of countries (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa) expected by The Economist Intelligence Unit to be the most promising emergent markets in coming years (Reuters 2010).

Figure 2: Sociopolitical Conditions for Investment in Industry (February 1994–August 2011)



Source: Fedesarrollo, *Encuesta de Opinión Empresarial*, 1994–2011.

In the process, elements for the consolidation of a critical mass in the business sector have emerged. Crucial among members of this critical mass is the acknowledgement that although both conflict and peace are costly endeavors, negotiated peace is the least costly option. This is reflected, for example, in business surveys that have captured opinions over time. These have shown that although business has steadily supported Uribe's military strategy (and a majority still backs him), there have been mounting fears regarding the state's capability to sustain the war effort and a growing realization of the diminishing returns of this strategy (FARC desertion rates are down, kidnappings are on the rise, and the simple fact that the FARC – while severely hurt in its operative capacity – has not ceased to function despite vociferous and frequent promises to the contrary by Uribe government officials) (see *El País* 2008; Caracol Radio 2008; *El Tiempo* 2010). These are important insights into the fate of the current peace process, which has been supported and even sponsored by this critical mass. The following section will explore the current state of the peace process in light of the above-described background.

5 One Last Round? The Government of Juan Manuel Santos (2010–2014)

In August 2012, the Colombian government, led by President Santos, announced the formal launch of new peace talks with the FARC. The sides had been in preliminary contact for months, with the informal support of the governments of Venezuela, Cuba, and Norway. Following severe blows to the organization (several high-level commanders were killed by

government forces, historical strongholds were attacked, desertion peaked and the overall number of FARC combatants declined by half), the FARC is today a different actor from what it was 10 years ago. The Colombian government, too, has learned several lessons – including the understanding that, given the diminishing returns associated with a purely military strategy, there is a need to pursue complementary strategies.

Today, the corporate sector is again playing an active role in promoting dialogue. Members of the business community have paid travel costs for government members and the guerrillas to meet and have served as facilitators and sources of confidence building. Members of the government negotiating team include Frank Pearl (former president of Valorem S.A., one of Colombia's largest business holdings, who gave up his private career to become high commissioner for reintegration and, then, high commissioner for peace), Alejandro Éder (current high commissioner for social and economic reintegration, who comes from a prosperous family linked to the sugar and biofuel industry), Sergio Jaramillo (former director of FIP); and Luis Carlos Villegas (president of ANDI, whose daughter was kidnapped by the FARC in 2000 and who has himself played an active role in previous peace processes). Their presence in the negotiating team is, overall, a positive sign. Not because they represent the private sector as a whole, but because their understanding of and contact with the sector will most likely provide the legitimacy and resources required to support the fledgling peace process in Colombia.

However, unlike on previous occasions, the business community has maintained a much lower profile this time around. With both sides trying to downplay the presence of the business community in the negotiation process, there have been few public statements and hardly any peace-related events made, organized or attended by the latter.

Interestingly, business activism today is taking place in a context in which it is difficult to make the same “peace dividend” argument as 10 years ago during the El Caguán experience or as it worked in other countries (such as El Salvador or Northern Ireland in the 1990s), where business factions were able to convincingly present the economic case for peacebuilding as the necessary groundwork for the country's recovery (Rettberg 2007). In contrast, the past decade has seen improved economic and security conditions – despite ongoing armed conflict – which have benefited the private sector first and foremost (see Figure 1).

In addition, many observers acknowledge that some of the social, political, and economic gains and reforms that provided substance to peace talks elsewhere (e.g., Guatemala and El Salvador) had already been achieved by the Colombian Constitution of 1991. Furthermore, land reform (long a key concern of the Left and revolutionary groups) and victim reparations had been discussed and promoted by the governments of Álvaro Uribe and Juan Manuel Santos even before talks officially began.

The absence of a compelling peace-dividend argument and the substantial reforms that have already been adopted leads many in the private sector to argue that there is nothing

much to negotiate about aside from the effective demobilization of FARC combatants (FIP 2012).

Why then does a critical mass within the Colombian private sector support negotiations today? The reason is a combination of ongoing fears about security, on the one hand, and prospects for economic benefits, on the other. On the security side, more than 9,000 individuals remain involved in illegal armed activity in Colombia and recruitment continues in many rural and urban areas, thus posing an ongoing risk to security in the country. In addition, indications of growing criminalization and renewed urban violence led by criminal bands that inherited the knowledge of drug routes and tools of territorial control from demobilized paramilitary groups and individual guerrilla fighters underscore the limits of military strategies alone to lastingly address all sources of political and social instability. In brief, there have been significant gains, but consolidation has not yet been achieved and even recalcitrant business factions invoke the need to provide jobs and education to poor youth as a preventive approach to widespread criminality. Third, companies that were involved in state-run reintegration programs during the Uribe government have become aware of the organizational and financial challenges associated with meeting the needs of more than 50,000 demobilized combatants, and, specifically, the risks of recidivism in a context of ongoing conflict where many retain links to illegal networks. Fourth, the Colombian private sector has been pressed hard for resources to support military efforts, with different forms of taxes and bonds having been imposed since the 1990s to support the government's efforts.

Finally, the country's ongoing economic success is contingent on the prospects of further economic internationalization, which will depend on investor safety and the development of further civilian institutional capacity. The increase in foreign direct investments and the development of a growing number of free trade agreements require the Colombian state and private sector to focus attention and resources on developing the adequate infrastructure and capacity to shoulder these new challenges. In addition, the increased presence of international companies in Colombia, and the participation of Colombian companies in international trade networks may have had a spillover effect favorable to supporting peace talks – for instance, an increased adoption of corporate social responsibility standards and greater adherence to international norms of corporate practice. In brief, to consolidate gains in security, prevent growing criminality affecting investor confidence, and take the next step in securing the fledgling Colombian economic success story, the private sector has learned that an ongoing confrontation between the Colombian state and guerrilla forces is not only a nuisance but the source of a lasting and strategic disadvantage when trying to meet the demands of international markets.

Of course, this statement requires regional and sectoral qualifications. The private sector is not a homogenous category and, still, companies located in the capital are better shielded from attacks and extortion, while smaller cities and rural areas are more exposed. As demonstrated by recent attacks against oil operations in the South of Colombia and ongoing road

and operation blockages in Cauca Department, the guerrillas may have been weakened, but they retain the ability to damage critical parts of the country's strategic infrastructure and Colombia's public image in the eyes of (potential) investors.

Against this background, it should become clear that although the private sector (given its relative prosperity) was not as desperate for peace talks to occur as at the end of the 1990s, it has recognized the benefit of promoting negotiations to address some of the ongoing and emerging security risks – which should see the consolidation of the Colombian model of increased security and economic growth.

Finally, the following conditions considered nonnegotiable by the private sector according to statements made prior to the initiation of talks have been met:

- 1) close consultation with private sector representatives in low profile settings in order to avoid the pitfalls of previous processes and keep control over the items on the agenda;
- 2) no ceasefire as well as a commitment to effectively end kidnappings;
- 3) the noninclusion of substantial reforms of the social and economic structure of the Colombian state, including protection of property rights; and
- 4) no mention of possible private sector complicity in human rights violations.⁵

In sum, despite the overall improvement of the economic and security situation, the private sector has come to realize that the ongoing conflict entails important costs and that many of the recent gains may be at risk if the additional step of effectively demobilizing remaining armed groups is not properly carried out. Recalcitrant business sectors, such as those mentioned at the beginning of this article (which accused government negotiators of treason), are weak and few in Colombia. In this regard, the private sector's years of peacebuilding experience seems to have paid off as it plays a more effective role bringing the parties together and shaping the eventual outcome of the peace process.

Nevertheless, as was pointed out above, there are historical divisions between industrial and agrarian interests as well as (at times profound) differing regional experiences with the armed conflict. As a result, these differences jeopardize the acceptance of a negotiation strategy (instead of an ongoing military strategy) and raise fears that any peace process will lead to fundamental tenets of the Colombian state and economy (such as the right to private property) being sacrificed. These divisions have not become radicalized, but point to the need to temper excessively optimistic expectations regarding the role that the private sector can play in ongoing peace talks and in future peacebuilding.

5 In the context of the Peace and Justice Law, individual reports to judicial authorities by demobilized paramilitary combatants regarding their actions and responsibilities as well as reports produced by the Historical Memory Commission have unveiled some of the links between paramilitary groups and regional economic elites. In addition, recent judicial action by US courts against companies has disclosed corporate support of paramilitary group actions against labor unionists, left-wing politicians, and communities.

6 Conclusions

Whether current peace talks fail or prove successful in Colombia will not depend primarily on the private sector, but rather on the negotiating parties (i.e., the government and the FARC). At the same time, the private sector has played and will continue to play a crucial role in Colombian peacebuilding as a source of both material and intangible resources.

It should also have become clear that the majority of the Colombian private sector will be among the winners in the event of a successful peace accord. Although the costs of conflict have been steadily declining over the past years, improved security, fewer operational costs, more investment partners, and greater international opportunities resulting from the demobilization of the largest remaining guerrilla force in the country are still sufficiently attractive to enlist business support. This also suggests that the business community, along with wealthy taxpayers, will bear the brunt of the costs (in terms of foregone investment and growth opportunities as well as continuing war efforts) should peace talks fail. On the basis of this realization and past experiences, the Colombian business sector cannot afford to remain indifferent to the risks of failed negotiations.

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