

Murder and payoffs taint business in Colombia

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USA TODAY
October 29, 2007

BOGOTA, Colombia — At first, the allegations in a federal courtroom sounded like the sort of thing conspiracy-minded college freshmen dream up during late-night bull sessions. A major U.S. corporation stood accused of routinely funneling large sums of money to a vicious right-wing Latin American militia that the United States government officially had branded a terrorist organization.

But then the corporation involved, Chiquita Brands International (CQB), admitted it had paid \$1.7 million to a Colombian paramilitary unit known as "Autodefensas Unidas de Colombia" (AUC) over a six-year period ending in 2004. Suddenly, an episode that had seemed like rabid conspiracy-mongering was recast as unsavory corporate misdeed.

Last month, a U.S. District Court judge formally accepted a settlement of the charges between the Cincinnati-based company and the Justice Department. After pleading guilty to a felony, Chiquita was fined \$25 million and required to institute an ethics program to prevent future violations. The company said that it made more than 100 payments to the paramilitaries, which controlled large swaths of Colombia's principal banana-growing region, to protect its workers from attacks and that it earlier had paid left-wing guerillas for the same reason. The Justice Department says the armed groups Chiquita paid are responsible for "a staggering loss of life" in Colombia.

"It may be true (that) you could not operate in these areas without paying the AUC. If it were al-Qaeda, that wouldn't be a defense," says Terry Collingsworth, an attorney with the International Labor Rights Fund, which has filed lawsuits against several corporations, including Chiquita, over their activities in Colombia.

The controversy over U.S. corporate behavior comes as Congress considers a pending trade agreement with this Latin nation of 44 million people. The Bush administration says the deal will expand U.S. exports and cement stability in a key U.S. ally. House Speaker Nancy Pelosi and many other Democrats oppose the accord because of concerns about continuing violence in Colombia and the role of paramilitaries there.

Whatever the outcome of the trade debate, fallout from Colombia's decades-long civil war is landing on multinational corporations that conducted business there amid savage battles between left-wing guerillas and right-wing paramilitaries with government ties.

A "Killer Coke" campaign by activists aims to drive Coca-Cola (KO) off U.S. college campuses over the killings of union leaders at four of its bottling plants in Colombia. Since April 2003, 45 campuses, including Rutgers University and Smith College, have

switched from Coke, says Ray Rogers, the veteran labor strategist who leads the campaign.

In July, Drummond, an Alabama-based coal-mining company, was acquitted in federal court in Birmingham of charges it conspired with paramilitary groups in the murders of three Colombian trade unionists who worked at one of its mines in northern Colombia. The company, which shipped 23.8 million tons of Colombian coal last year, called the deaths "tragic" and said it maintained a "long-standing policy not to have contact with or pay any money to illegal groups." The International Labor Rights Fund, the union-affiliated human rights group that brought the case, is appealing the verdict, arguing that the judge wrongly prohibited the jury from hearing witnesses to meetings between Drummond officials and paramilitary leaders.

Despite its recent guilty plea, Chiquita's headaches aren't over. Colombian officials have spoken publicly of seeking the extradition of eight company officials connected to the case, though no request has yet been filed. Chiquita also is the target of a civil lawsuit filed on behalf of the families of 173 Colombians allegedly murdered and in some cases tortured by right-wing militias that received payments from Chiquita. The company calls the lawsuit "preposterous."

Congress investigating ties

A House oversight subcommittee, headed by Rep. Bill Delahunt, D-Mass., has held one hearing on corporate links to Colombian paramilitaries and plans additional sessions. Committee investigators earlier this month met with Colombian officials and hope to interview imprisoned members of the AUC to "determine whether there have been similar arrangements" to Chiquita's, involving other U.S. companies, Delahunt said.

A spreading investigation in Colombia into what is being called the "para-politics" scandal may ensnare other corporate targets. Former AUC leader Salvatore Mancuso in May told the newspaper *El Tiempo* in Bogota that all banana producers had paid for protection, including Dole and Del Monte (DLM). Mancuso, who was jailed after turning himself in as part of an ongoing government-backed demobilization, said his group received 1 cent for every dollar of bananas exported. "All of the banana companies paid us. Every one of them," Mancuso told the newspaper.

Both companies flatly deny the charge.

The denials haven't ended the controversy.

"These were war crimes and crimes against humanity that were committed there. ... It's the same as the German companies did with Hitler. With the money, Hitler could build his gas chambers," says Colombian Sen. Gustavo Petro, a harsh critic of the government who wants Chiquita executives extradited to face charges in Colombia.

So far, however, the rhetoric has outpaced real-world consequences. Civil lawsuits against Coca-Cola and its Colombian bottlers, for example, were dismissed by a judge in Florida. "None of our bottlers are in any way connected to events which are the result of the longest civil war in the world," says Ed Potter, director of global labor relations.

A history of violence

Colombia's history of violence dates back more than half a century to the 1948 assassination of a popular presidential candidate, which triggered a decade-long orgy of killing known as "La Violencia." By the time order was restored in 1958, more than 200,000 people had been killed.

In the mid-1960s, the bloodletting took a new form with left-wing guerillas of the Revolutionary Armed Forces of Colombia (known by its Spanish acronym FARC) and the National Liberation Army or ELN launching an anti-government insurrection. The Colombian military fought back, later joined by armed "self-defense" or paramilitary units formed by powerful landowners. By the 1980s, both sides were heavily involved in the drug trade. Battles for control of territory were as much about securing export routes for narcotics as about gaining ground in the war.

By the late 1990s, the Colombian government had withdrawn from vast portions of the country's interior, leaving much of the countryside in guerilla control. In many remote areas, the only effective forces were either left- or right-wing armed groups, not the state.

Both sides have been guilty of vicious attacks. Land mines are strewn across extensive areas. Guerillas have assassinated teachers, whom they see as representatives of the state, while government forces have killed suspected insurgents without trial, according to the United Nations High Commissioner for Human Rights. Last year, there were 23 massacres, including 15 attributed to guerillas and eight by paramilitaries.

"You don't do wars by exchanging flowers. You do wars with violence — a lot of violence," says Juan Pablo Corlazzoli, head of the agency's Bogota office.

Under President Alvaro Uribe, violence has declined and the major cities made secure. But companies trying to operate amid the seemingly endless conflict say they faced difficult dilemmas. Armed units from one or both sides of an intractable and bitter war could demand payment in cash, vehicles or other support; if it wasn't given, they say, their employees or facilities could be attacked.

From 1989 until 1997, while left-wing guerillas held the area in which the company operated, Chiquita made payments to them. Chiquita began paying the AUC in 1997 after the paramilitaries ousted the guerillas and the group's leader, Carlos Castano, suggested the company's Banadex subsidiary would be attacked otherwise, according to court filings. The company made the payments even after the State Department designated AUC a foreign terrorist organization and the company's outside counsel repeatedly advised executives to stop.

"Bottom line: cannot make the payment," read a Feb. 26, 2003, Chiquita memo, according to court documents. Less than two weeks later, counsel added: "Chiquita should leave Colombia."

Instead, it stayed and kept paying. In April 2003, after six years of monthly payments, the company disclosed its actions to the Justice Department. Government officials told the company the payments were illegal and should stop. But the company still continued paying the AUC until a new chief executive took the helm in January 2004 and ordered a halt.

"We had no 'good' options in Colombia, and if the company refused to make extortion payments, the lives of employees and their families would have been in grave danger," Chiquita spokesman Michael Mitchell said in an e-mail.

In its account of the case, the Justice Department alluded to a different motivation for remaining in Colombia. By 2003, Chiquita's Colombian operations were its most profitable, and the company earned \$49.4 million in profit from them between Sept. 10, 2001, when the AUC was designated a terrorist group, and January 2004, when its payments stopped.

More than 4,000 people were killed in the Uraba banana-growing region during the period when Chiquita admits to paying the AUC.

"Chiquita's money helped buy weapons and ammunition used to kill innocent victims of terrorism. Simply put, defendant Chiquita funded terrorism," the Justice Department said last month in court filings.

In this brutal, shadowy war, which drew only episodic attention outside Colombia, the interests of the paramilitaries and big business overlapped, according to labor leaders and critics of the Colombian government. The AUC and similar groups regarded all union organizers not as worker representatives seeking better pay and working conditions but as guerilla allies in a left-wing campaign to topple the government. To the private armies of a fractured society, they were legitimate (if unarmed) targets in the ongoing conflict. And businesses wanted compliant, low-cost labor.

"Paramilitaries thought by destroying unions they will take away the social base of the guerillas. ... Many businessmen and government officials took advantage of the situation to get rid of the unions," says Gustavo Triana of the CUT, Colombia's largest labor federation.

Less than 5% of the Colombian labor force is unionized, vs. about 14% two decades ago, according to the union-affiliated Escuela Nacional Sindical in Medellin.

In recent months, as a negotiated demobilization of Colombia's paramilitaries continued, the question of what corporations did, and are doing, to operate amid the conflict drew

sustained attention here. More than 32,000 paramilitaries have demobilized since 2003, according to the Colombian government. Under the terms of an agreement with the AUC, gunmen surrender their weapons, confess their crimes and serve time in jail before being readmitted to society. Uribe has trumpeted the program as his major achievement in quelling Colombia's habitual violence.

In March, Prosecutor General Mario Iguaran received a letter from a former paramilitary alleging financial ties between a Spanish electricity producer and armed groups. Iguaran, whose office is investigating Chiquita and Drummond, says any testimony by former paramilitaries must be verified. And in an interview last month, he said he didn't plan investigations of additional foreign corporations.

That leaves union officials, such as Francisco Ramirez, fuming. "To us, it's very clear," he says, "that every international company in this country is paying the paramilitaries for protection."