

## Andean Report by José Restrepo

### Colombia becoming a money laundry

*Elimination of the Foreign Exchange Statute under Bush administration pressure will favor the drug trade.*

**T**he elimination of exchange controls which have been in force in Colombia since 1968 will turn the country into "a huge laundry of drug dollars, and will facilitate that which we are fighting today," charged former finance minister Abdón Espinosa Valderrama in his Aug. 16 column in the daily *El Tiempo*.

Yet, despite the known consequences of abandoning exchange controls, the government of President César Gaviria Trujillo is under heavy pressure from liberal banking interests inside Colombia and from the Bush administration, to hand Colombia's national finances over to the drug traffickers.

Espinosa was referring to the bill presented to Congress Aug. 13 by Conservative Party Senator Rodolfo Segovia Salas, which would permit removing the ceiling on indebtedness and on capital flows, remove restrictions on possession or holding of foreign exchange and assets abroad, and a foreign exchange amnesty for returning flight capital.

Espinosa charged that such a law would undermine the nation's finances, since there would be no controls over remittance of profits, "gifts," or speculative capital. Further, the economy would be dollarized, permitting the laundering of drug money in the form of foreign exchange outflows and an accelerated devaluation of the national currency.

Foreign Minister Rudolf Hommes has promised that "Colombia is a country that cannot assume major exchange risks, and for this reason we will be careful in the changes anticipated." He nonetheless has said that

his plan shares the same objectives as Senator Segovia's. The only difference, said Hommes, is his intention to impose this "liberation" gradually, seeking total exchange freedom over the course of 20 years.

On Aug. 16, Hommes announced that the black market for foreign exchange would be legalized, that the Central Bank would be reducing its control over the monetary market, and an acceleration of import deregulation, "especially for the agricultural sector."

Espinosa answered in his Aug. 21 column, charging that such measures seek to "centralize the market that has been authorized, while legitimizing that which is prohibited. As a result, the income from under-invoicing, contraband, and the drug trade would be automatically legalized. This market would serve to launder their profits, which are today introduced into the country by clandestine means, to the tune of two million dollars or more."

Espinosa concluded that such measures which eliminate exchange controls, "would permit drug mafia fronts or multinationals to seize total control of Colombian business, in the same way they have landed property. . . . Given how burning the issue of the drug trade is today, one cannot see how the battle to eradicate it can be reconciled with the virtual legalization of its financial activities."

The 1968 Exchange Statute, better known as Decree 444 of the Carlos Lleras Restrepo government, was imposed on the country in the midst of massive capital flight. Since then, Colombia has at least resisted the pres-

ures of the International Monetary Fund and creditor banks to devalue its currency, decreeing instead that the devaluation would take place "drop by drop." But the decree also insisted that individuals were obliged to centralize all foreign exchange holdings through the Central Bank.

What kinds of dirty financial dealings were blocked by the decree? According to the Bogotá daily *El Espectador*, the notorious narco-financier Robert Vesco "was seen arriving regularly at the Olaya Herrera airport in Medellín, in his own airplane," before 1968. Such are the "freedoms" to which narco-financiers could return with the lifting of the Exchange Statute.

*El Espectador* centered on the activities of Spanish drug-trafficker and financier Enrique Sarasola, who today leads the campaign for ending controls on Ibero-America's finances. Among Sarasola's intimates are Venezuelan President Carlos Andrés Pérez, Spanish Prime Minister Felipe González, and such Colombian narcodelites as Alberto Santofimio Botero and Diego Londoño White, the latter serving both as the treasurer of Alfonso López Michelsen's 1982 presidential bid and as a partner in the construction firm which built the majority of the Medellín Cartel's famous "bunkers."

The push for lifting of the Exchange Statute is part of the Bush administration's effort to turn Ibero-America into a free-trade zone. The U.S. has been demanding that Colombia not only end its exchange controls but also suspend development credit, eliminate all financial incentives that encourage exports, and free all imports. The only conclusion is that Bush administration policy is to eliminate Colombian industry and agriculture while turning the country into one gigantic money laundry.