

Illicit profits for President Uribe's sons: the role of Colombia's government

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Tomás and Jerónimo, the twenty something sons of Colombian president Álvaro Uribe, got rich as a result of the decisions of a mayor and high-ranking officials in their father's government. It's a clear case of favoritism and illegalities committed in their favor. And they got very rich, to the tune of billions of pesos [*millions of dollars*]: from 2006, a piece of land in Mosquera, a town near Bogotá, of which they own 15%, after small improvements, increased in price from 8.6 billion pesos to 138 billion pesos [*from around 4 million dollars to approximately 60 million dollars*].

The transnational Bavaria SabMiller sold the piece of land to the president's sons and, according to the deeds, it measured 34 hectares [*~ 84 acres*], but it turned out that there was a big and rather unusual mistake: the parcel actually measured 53 hectares [*~ 131 acres*]. Therefore, the price per square meter only cost them 13,000 pesos, a very low rate in the Sabana of Bogota area. In addition, the same transnational sold them another 100-hectare [*247 acre*] parcel, also in the Sabana, in Tocancipá, for only 22 billion pesos [*about 11 million dollars*]. In this deal they are working with some friends of their father, who are among the richest Colombians. According to the young Uribe brothers, in this case "we didn't invest money to buy into the deal (12%), rather we obtained a stake in it through our promotion of the project itself."

If the president's sons have done very well with Bavaria SabMiller, the transnational has done even better with the head of state. The government granted the company a special duty-free zone and a legal stability contract for its new factory in Yumbo, near Cali, which cost 175 million dollars. Among other benefits, the duty-free zone reduces the tax on profits from 33 to 15% for 30 years. And the legal stability contract guarantees that for the next 20 years the company will not be subject to measures that may negatively affect their bottom line, which exempts them, for example, from paying the new war tax that will almost certainly be passed in 2010.

In addition to the flagrant unconstitutionality of decree 383/07 that authorized the special duty-free zones --unconstitutional because it goes against Law 1004/05 regarding the formation of duty-free zones-- and in addition to the brazen violations of procedure that allowed the paperwork for the Bavaria SabMiller's special zone to go through, what is supposedly the primary requirement for granting such a concession in the first place is not met: stimulating new investment. The same can be said with respect to the lack of moral and legal justification for the legal stability contract. Because decree 383 and the granting of legal stability both date to February 2007 and four years earlier, in Bavaria's 2003 Annual Report, the company announced the "beginning of construction of the Valle brewery which will replace the one in Cali, Colombia, and which, with a built in capacity that will double the Cali plant, will cover territories of high consumption that had been supplied by factories that ended their operations as they followed a restructuring process to maximize industrial proficiency". It's clear, therefore, that the transnational based their

investment decisions on the needs of the company and did so before the special government dispensations were granted, without any reason of State. Just for 2008 these dispensations and a lower tax on profits added up to more than 11.7 billion pesos [*over 5.5 million dollars*].

The mayor of Mosquera, Alvaro Rozo, increased the value of the land owned by President Uribe's sons when he changed the limit for building on the second level from 50 to 75%. He also increased its value when he adopted a Parceling Plan that in effect converted the land use permit from rural to urban and allowed it to be divided up for industrial purposes. The Parceling Plan violated Law 388 from 1997 as well, which stipulates the payment of value added tax for pieces of land that increase in value because of decisions made by government officials.

Shortly thereafter, president Uribe's sons sold a portion of the increased-value land at a very low price to Inversiones ALC, a company that was founded by the mayor of Mosquera and that is now under the names of the mayor's sons and brothers. These parcels were sold for only 19,000 pesos [*less than 10 dollars*] per square meter. Two days later they sold two adjacent pieces of property (of similar origins) to different buyers, but at 53,000 per square meter. Clearly the attorney general's office should investigate this case, because it's obvious that both sides may have entered into mutually beneficial illegal transactions.

With regard to the same piece of land, there's a published picture of Tomás Uribe with the minister of Roads and Transportation at a meeting in which construction of the highway from Madrid to Mosquera, which passes through the property in question, was the subject of discussion. There's another photo showing Tomás himself at the official launching of mayor Alvaro Rozo's campaign for a Senate seat. As we've seen, there are many reasons why Tomás would want to support Rozo, now the ex-mayor of Mosquera.

The other big increase in value of the sons' property stems from the government's authorization to develop the Western Duty-Free Zone (*Zona Franca de Occidente*) on the land, a decision that increased its value many times over because the big companies that will establish themselves there, among other dispensations, instead of paying a 33% tax on profits, will only pay 15%. Authorization was granted, as a result of undue preferences and illegalities, by the Inter-sectorial Committee of Duty-Free Zones (*Comité Intersectorial de Zonas Francas*), in which the decisions are made by the Commerce and Treasury ministers as well as other high officials in Uribe's government.

The ministers have stated that they didn't know who owned the land in the Western Duty-Free Zone and that they weren't required to know it either. Therefore, they say, they didn't remove themselves from the decision making process that benefitted the sons of their boss, president Uribe, as the law required them to. It's unlikely that they were unaware, among other reasons, because on December 7, 2007 the newspaper *El Espectador*, which ranks second in circulation in Colombia, published an article written by a respected analyst who exposed the fact that Tomás and Jerónimo Uribe were in on this deal. And article 209 of the Constitution, Decree 2685 from 1999 and Resolution 001 of the Inter-sectorial Commission on Duty-Free Zones, where the ministers have jurisdiction, requires them to know who the owners of the property were. Or, as a writer friendly to the government put it, if the

property had been owned by a well know drug-trafficker, would they have also approved the duty-free zone?

In violation of the Constitution and the law, the head of the Colombian revenue service refused to provide all of the public documents required by the Senate investigation. He has also not responded to the question of whether the sons of the president paid the corresponding taxes on the huge profits obtained in this deal through the end of 2008. This, despite the fact that they have acknowledged an increase in value of the investment in Mosquera of more than 100 times and profits of 10,000%. The acknowledgement was made in a public document that appears to have been written up to avoid paying taxes.

President Alvaro Uribe, also in violation of the law, did not answer a request formulated by this senator in which I asked him: did you know that your sons participated in the business deal concerning the Western Duty-Free Zone? If you did know, which is what they have stated, why didn't you inform the ministers and other subordinate officials of yours, so that they could declare a conflict of interest as is stipulated by the law and not approve the deal?

It's also outrageous that Bavaria Sab/Miller and other large companies granted Residuos Ecoeficiencia, another company in which president Uribe's sons hold an interest, the concession to dispose of industrial waste. The removal and disposal of this waste was providing a livelihood to the so-called "recyclers", one of the poorest social groups in the country. Expressing their painful frustration in the Senate, Ana Isabel Martínez, president of one of the displaced associations working in disposal, said: "They're like a plague that's taking this trash [business] away from the poor".

In the inherent immorality of a government that's determined to change the Constitution for the second time to allow Alvaro Uribe to run for a third term, something that could lead to his perpetual reelection, it's not surprising that they brandish the shameless notion that the president's sons can engage in business dealings that are normally illegal, revealing a total lack of understanding of the most basic ethical or moral standards of society and, on top of this, they try to hide the illegalities that have occurred.

Those who are not fooled by the machinations of a very skilled Alvaro Uribe will understand that, among other terrible things, it will be business dealings like those of the president's sons that will be 'reelected.'

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