



ARTICLE

The Petro Dilemma: Implications of Colombia's 2022 Elections for Business

The first round of Colombian presidential elections will take place in May 2022. There has been concern amongst local and international business communities about the possibility of a left-wing candidate being elected, most notably Gustavo Petro (“Petro”), the former mayor of Bogotá and candidate from the Colombia Humana party. The COVID-19 pandemic has had a severely negative impact on Colombia’s economy, resulting in an increase in poverty and unemployment rates. Colombia’s National Administrative Department of Statistics (*Departamento Administrativo Nacional de Estadística* - “DANE”) revealed that last year 2.8 million people fell into extreme poverty (earning less than 145,000 per month, or US\$38)¹ According to the OECD, it would take 11 generations for the descendant of a poor Colombian family to attain “average income” levels in the country.² Exacerbating the recent devastating impact of COVID-19, Colombia’s longstanding ailments of inequality, violent crime, inadequate state control and endemic corruption have created a real and rare opportunity for a left-leaning candidate in the upcoming elections.

Following ill-timed tax reform and subsequent widespread riots, President Duque’s popularity is at historical lows (see Figure 1 below), making the prospect of a conservative victory unlikely – regardless of who former President Alvaro Uribe ultimately endorses. Further fanning concern, a resurgent so-called “pink tide” is gaining momentum in Latin America, as left or left-of-center candidates were elected in Mexico, Argentina and Peru and which could well be the case with upcoming elections in Chile (November 2021) and Brazil (October 2022).³ Foreign investors in particular are concerned that the Colombian executive branch will now also shift to the left. The international investment community believes that this in turn would adversely affect the country’s commercial attractiveness, compounding Colombia’s painful loss of its investment grade rating in 2021.⁴ Notwithstanding all of these factors at play, excessive concerns are premature and exaggerated. To quote former UK Prime Minister Harold Wilson: “*A week is a long time in politics.*”

¹ <https://www.larepublica.co/economia/siga-aqui-la-publicacion-de-las-cifras-del-dane-sobre-la-pobreza-monetaria-en-2020-3161669>

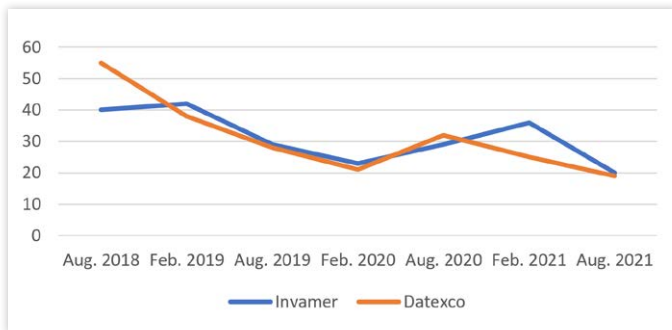
² <https://www.semana.com/internacional/articulo/cuantas-generaciones-necesita-colombia-para-superar-la-pobreza/260664/>

³ <https://www.reuters.com/world/americas/another-pink-tide-latin-americas-left-galvanized-by-rising-star-peru-2021-06-21/>

⁴ <https://www.ft.com/content/320c1ae7-811d-4b7c-bf6b-9de19a2e5b70>

Presidential elections are months away and new contenders are appearing out of the political firmament on a weekly basis to add to an expansive docket of candidates.⁵ Moreover, despite this Administration’s low approval ratings, President Ivan Duque has taken positive steps towards implementing a successful vaccination program and reenergizing the economy. This momentum should provide impetus for center to right candidates. Even if Petro should be elected, it is unlikely that his new administration would be able to implement immediate radical reforms, as it will lack a clear mandate and congressional support would be weak. As we saw when Petro held what is arguably the second most powerful political position in Colombia, as Mayor of Bogotá from 2012 to 2015, his term in office would likely be characterized by strong institutional opposition that would hinder the implementation of his more left leaning rhetoric.

Figure 1: President Duque’s Approval Rating 2018-2021 (%)⁶



Source: Invamer and Datexco

Colombia’s Socio-Political Context

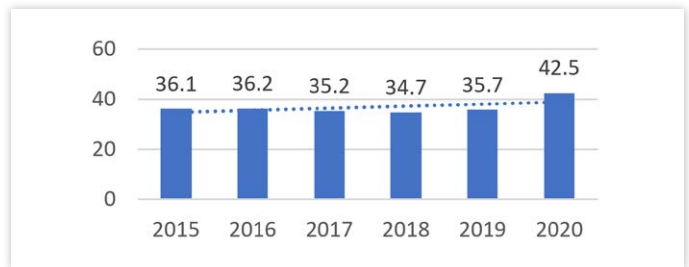
The Colombian government under President Ivan Duque’s (“Duque”) administration has been facing widespread opposition, most vocally embodied in sporadic protests (“Los Paros”) throughout the country. Protests initially began in October 2019 and were led by those who opposed pension, labor and education reforms, *inter alia*.⁷ At its core, however, the protests are intrinsically linked to the state’s lack of success in addressing the underlying and

gaping socioeconomic inequality in the country. Colombia has suffered historically from significant income disparity. According to the World Bank, Colombia is the country with the second highest Gini coefficient (which measures income inequality) in South America, after Brazil, with a score of 50.4.⁸ Globally, Colombia ranks 15th highest on this unenviable scale.⁹

Younger generations, many of whom never experienced the suffering imposed by the conflict with the leftist guerillas, have brought a new set of political values into the Colombian electoral scene. Even prior to COVID-19, 15.5% of men and 38.5% of women between the ages of 20-24 were neither employed nor studying at an academic institution. As a result of the pandemic, these numbers increased to 22.1% for men and an incredible 46.7% for women.¹⁰ These “new voters” seek hope for a better future, and rather than seeing the left as a historical source of violence and repression, they view the left as a catalyst for improvement, or at least, not possibly any worse than, in their minds, the corrupt, elite status quo.

Following the social upheaval of 2019, Colombia was subsequently hit hard by the COVID-19 pandemic. In March 2020, the country entered a nationwide quarantine, with myriad formal and informal businesses shut down, resulting in an economic crisis. As a result, poverty and unemployment indicators reached an all-time high, as shown in the graphs below.

Figure 2: Poverty in Colombia 2015-2020 (%)¹¹



Source: DANE

⁵ <https://www.elespectador.com/politica/la-larga-lista-de-candidatos-presidenciales-para-2022-actualizada/>

⁶ <https://colombiareports.com/ivan-duque-colombias-least-popular-president-in-polling-history/>

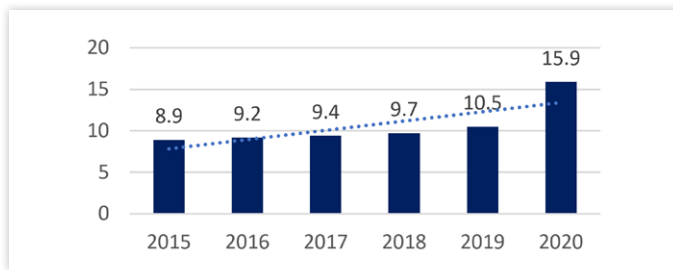
⁷ <https://www.bbc.com/mundo/noticias-america-latina-50520302>

⁸ <https://worldpopulationreview.com/country-rankings/gini-coefficient-by-country>

⁹ Ibid.

¹⁰ OECD (2021), Youth Not in Employment, Education or Training (NEET) indicator. doi: 10.1787/72d1033a-en (Accessed on 30 September 2021) <https://data.oecd.org/youthinac/youth-not-in-employment-education-or-training-neet.htm>

¹¹ <https://www.dane.gov.co/index.php/estadisticas-por-tema/pobreza-y-condiciones-de-vida/pobreza-monetaria>

Figure 3: Unemployment in Colombia 2015-2020 (%)¹²

Source: DANE

As in Peru and Chile, the increase in poverty rates, unemployment and income inequality, together with the already stretched health and welfare systems buckling under the weight of the COVID-19 pandemic, only served to worsen the underlying grievances associated with the 2019 sociopolitical unrest. Accordingly, in April 2021, protests began again in Colombia, this time sparked by an ill-timed tax reform bill advanced by the Duque Administration to assuage the structural concerns raised by the OECD and rating agencies, as well as restock government coffers to contend with the economic malaise caused by the COVID-19 pandemic.¹³ The reform had intended to raise the tax burden to finance subsidies for the poorest families by lowering the income tax threshold and raising VAT. Nevertheless, this reform was poorly handled and inevitably met with angry opposition from both the Colombian Congress and the general population.¹⁴

Following the protests, the Administration withdrew the tax reform and the Minister of Finance and the Economy, Alberto Carrasquilla, resigned from office.¹⁵ These kneejerk responses failed to quell social discontent across Colombia. Protests worsened as a vocal swathe of society claimed that the government used excessive police force, and that Duque was unwilling to enter into dialogue with detractors. Protests quickly escalated into nationwide blockades and violent confrontations with the police.¹⁶ The brutality of the police response in some cases played perfectly into the hands of leftist candidates, who have painted the conservatives as an anachronistic legacy of fascism.¹⁷



2022 Elections

Colombia's current sociopolitical and economic volatility worries foreign investors, as the first round of presidential elections will be held on May 29, 2022. With a wide array of candidates (more than 40 have announced their intention to run), and political coalitions still consolidating, it would be premature to predict who will likely be the next president of the Republic of Colombia. It is indisputable, however, that Petro - the figure that generates most concern amongst the local and international business sector - is the leading candidate. Although Petro had a notable decrease in voter sentiment in the most recent poll by Invamer, it is nevertheless the case that dissatisfaction with the status quo, the inevitable resumption of protests and overall levels of inequality and poverty that plague the country today all continue to create the conditions under which Petro could easily be propelled into a second-round runoff in the presidential election.¹⁸

In fact, the same Invamer poll identified Petro as the likely winner in most scenarios, with only the center-left candidate, Sergio Fajardo ("Fajardo"), presenting a realistic challenge to Petro.¹⁹ But it is still early days and electoral dynamics continue to evolve. For instance, in August 2021,

¹² <https://www.dane.gov.co/index.php/estadisticas-por-tema/mercado-laboral/empleo-y-desempleo>

¹³ <https://www.cancilleria.gov.co/newsroom/news/ocde-dice-necesario-colombia-avance-importante-proyecto-reforma-fiscal>

¹⁴ <https://www.lavanguardia.com/internacional/20210510/7442330/colombia-2021-chile-2019-protestas-cali-medellin.html>

¹⁵ <https://www.bbc.com/mundo/noticias-america-latina-56972929>

¹⁶ <https://www.france24.com/es/am%C3%A9rica-latina/20210721-colombia-independencia-protestas-ivan-duque>

¹⁷ <https://www.infobae.com/america/colombia/2021/05/17/duque-y-uribe-quieren-la-violencia-entre-mas-caos-para-ellos-mejor-gustavo-petro/>

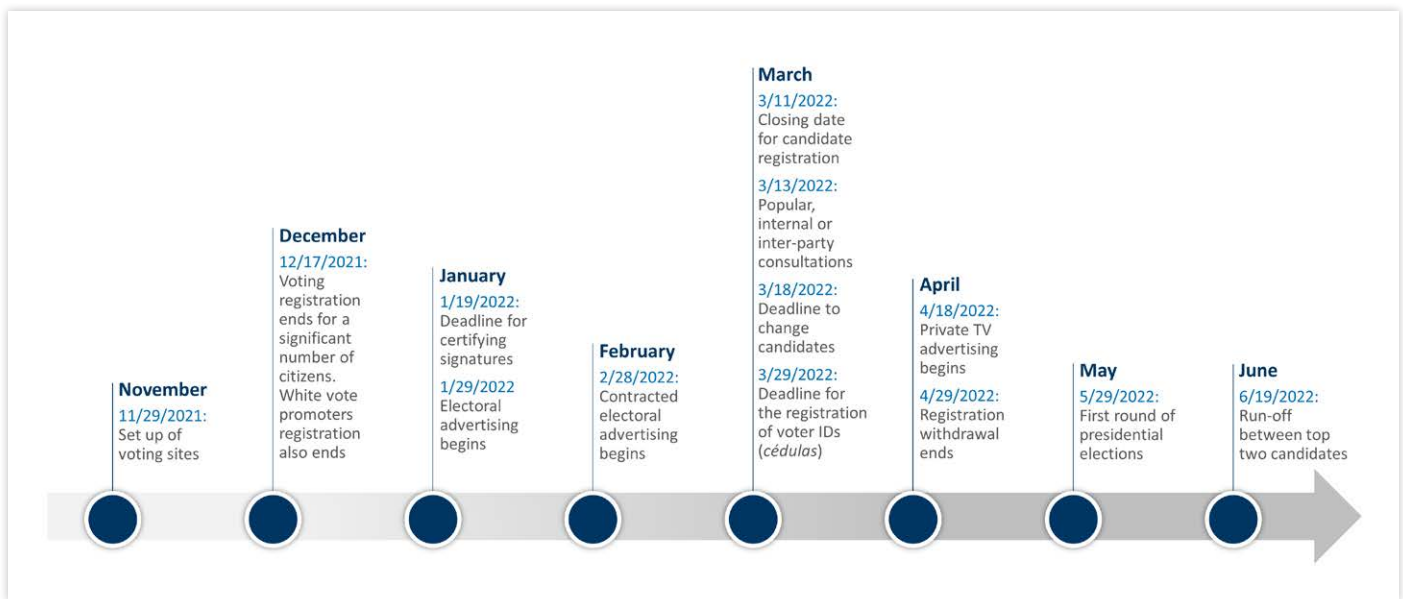
¹⁸ <https://www.elespectador.com/politica/galan-de-la-calle-y-fajardo-con-la-favorabilidad-mas-alta-en-encuesta-de-invamer/>

¹⁹ <https://www.valoraanalitik.com/2021/09/08/petro-fajardo-y-galan-lideran-nueva-encuesta-presidencial/>

Alejandro Gaviria (“Gaviria”), former Minister of Health and former Rector of the University of Los Andes, announced his candidacy. Gaviria will run on a center-left platform and could emerge as a serious contender, conceivably dividing the center-left coalition.²⁰ The influential liberal could develop into a formidable candidate, but more will be known after congressional elections in March (a critical bellwether in the lead up to May’s presidential election).

Colombia’s upcoming presidential election calendar is depicted below.

Figure 4: Colombia’s Presidential Election Calendar²¹



Elaborated by FTI Consulting

Latin America should not be viewed as a homogenous bloc when assessing political trends and voting propensities (e.g., interpreting any move left as a “pink tide” as commentators often do). Colombia’s difficult history with leftist politics is *sui generis*. Colombia has faced decades of internal violence against radical left-wing guerrillas, such as the Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*, or FARC) and the National Liberation Army (*Ejército de Liberación Nacional*, or ELN), which has left over 200,000 victims right across the country.²² These left-wing guerrilla groups have consistently contravened international human rights law and generally lack any meaningful popular support. Aside from these atrocities, Colombia has also had a front row seat to the collapse of its once prosperous neighbor, Venezuela, now experiencing the aftermath of the failure of

a leftist political experiment, as over 1.7 million desperate Venezuelans flooded across into Colombia.²³ These events, among others, have further entrenched the centrist and right-wing voting proclivities of Colombian voters.

Despite the current, seemingly dire situation in Colombia, the country’s history of conflict and the fact that elections are still months away mean concerns that the Colombian government will inevitably shift radically to the left are premature. Colombia is still in the process of determining which actual candidates will run and political parties have yet to formalize coalitions. Additionally, even if the left eventually triumphs in the presidential election, it is unlikely that a left-leaning coalition will achieve a workable majority in the Senate and the House of Representatives. Moreover, we believe that the high courts, especially the Constitutional

²⁰ <https://elpais.com/internacional/2021-08-28/la-candidatura-presidencial-de-alejandro-gaviria-revoluciona-la-campana-en-colombia.html>

²¹ <https://amchamcolombia.co/es/noticias-afiliados/prospectiva-colombia-elecciones-presidenciales/>

²² <https://www.centrodememoriahistorica.gov.co/micrositios/informeGeneral/estadisticas.html>

²³ <https://www.migracioncolombia.gov.co/noticias/mas-de-un-millon-742-mil-venezolanos-se-encontrarian-en-colombia-para-el-31-de-enero-de-2021-y-podrian-acogerse-al-estatuto-temporal-de-proteccion#:~:text=Usted%20est%C3%A1%20aqu%C3%AD%3A-,M%C3%81S%20DE%20UN%20MILL%C3%93N%20742%20MIL%20VENEZOLANOS%20SE%20ENCONTRAR%C3%8DAN%20EN,AL%20ESTATUTO%20TEMPORAL%20DE%20PROTECCI%C3%93N.>

Court and the Supreme Court of Justice, would also maintain the status quo, preventing an untimely transition in the current constitutional order or the separation of powers. Colombia's institutions and rule of law are expected to remain strong, making it improbable that the eventual triumph of a leftist candidate would turn Colombia into a Venezuelan scenario; a scaremongering scenario effectively used by the right in previous elections.

Specific Business Concerns

Even though we believe the election is too early to call, especially in light of considerable backroom political wheeling and dealing currently underway, it is nevertheless prudent to consider possible business scenarios in the event of a Petro win, particularly for the extractive industries, infrastructure and the pension fund sector.

Despite obvious concerns raised by a possible Petro win, his election would not necessarily spell disaster for the core sectors of the Colombian economy. Electoral rhetoric on the campaign trail rarely directly translates into actual governing policy, and Petro's inflammatory words used to energize his lower socioeconomic base would have to overcome opposition in Congress, the courts, and other institutions, as well as the economic realities of trying to return the country to growth after one of the worst economic downturns in its history. Moreover, Petro's rise could unexpectedly benefit and stimulate growth in certain industries, such as alternative energy and elements of infrastructure.

Below we explore these potential outcomes in greater detail.

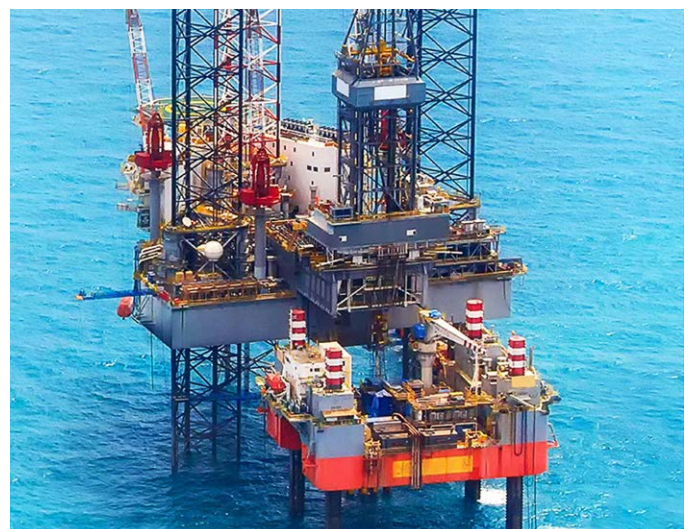
The Energy Sector

Oil & Gas

Oil & gas ("O&G") represents one of Colombia's most important industries. It is one of the most important revenue sources for the government, accounting for 3% of Colombia's overall GDP and 33% of the country's exports.²⁴ Accordingly, and unsurprisingly, its regulation has been at the center of Petro's political campaign. He has regularly

promised to reduce Colombia's dependence on fossil fuels and to prohibit fracking.²⁵ More recently, Petro has gone further and announced that one of his first measures as president would be the suspension of oil exploration in Colombia to favor positive impacts on climate change.²⁶

Such provocative statements generate fear among national and foreign companies in the O&G industry. The suspension of oil exploration would mean that Colombia would need to drastically change the makeup and structure of its economy in just 6.3 years (the amount of time it would take to exhaust the country's current proven oil reserves).²⁷ Furthermore, suspending all oil exploration as of 2022 would present enormous risks. The government would breach exploration contracts previously granted to numerous foreign and domestic companies (including Ecopetrol, the largest oil company in Colombia) and potentially default on bilateral investment treaties. Not only would this result in a costly litany of international arbitration disputes, but it would be impossible in the short- to medium-term to adequately replace the economic driver of growth and employment derived from the O&G sector. The taxes, royalties, economic rights and dividends that Ecopetrol alone remits to the Colombian government represent 17 percent of the nation's income.²⁸



²⁴ <https://www.dane.gov.co/index.php/estadisticas-por-tema/cuentas-nacionales/cuentas-nacionales-trimestrales/historicos-producto-interno-bruto-pib>; <https://www.dane.gov.co/index.php/estadisticas-por-tema/comercio-internacional/exportaciones>

²⁵ <https://www.lasillavacia.com/historias/silla-nacional/petro-matiza-su-propuesta-de-frenar-la-exploracion-petrolera-pero-aun-es-un-salto-al-vacio/>

²⁶ <https://www.semana.com/nacion/articulo/acabar-con-la-industria-del-petroleo-la-propuesta-de-gustavo-petro-que-refuta-robledo/202100/>

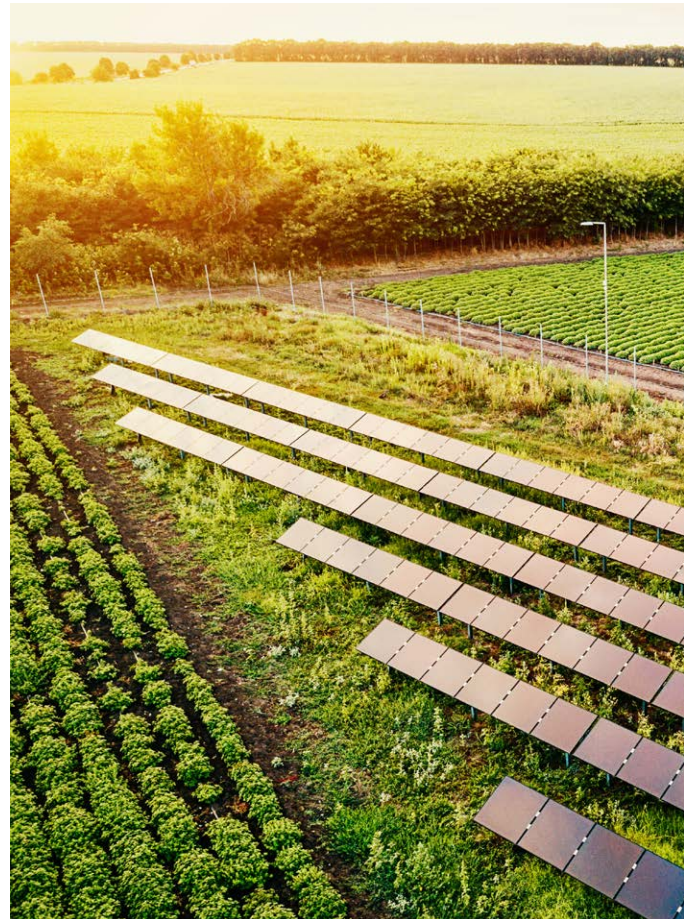
²⁷ <https://www.lasillavacia.com/historias/silla-nacional/petro-matiza-su-propuesta-de-frenar-la-exploracion-petrolera-pero-aun-es-un-salto-al-vacio/>

²⁸ <https://www.lasillavacia.com/historias/silla-nacional/petro-matiza-su-propuesta-de-frenar-la-exploracion-petrolera-pero-aun-es-un-salto-al-vacio/>

In addition to the likely negative economic consequences that a Petro administration would have on the O&G industry, his election could upset the delicate balance of relationships between extractive companies and local communities. In Colombia, large projects in the O&G industry require environmental and social licenses, as well as prior consultation processes.²⁹ One important challenge that extractive companies face when developing their projects is maintaining good relations with neighboring communities and receiving their approval to obtain these licenses.³⁰ A Petro administration would likely provide more power and leverage to these communities to thwart hydrocarbon companies in receiving the required approvals to develop their projects.

However, despite his radical rhetoric, the likely economic effects on employment and growth from such drastic changes raises obvious questions and doubts about whether Petro would actually take such measures as president. It is highly unlikely he would receive the legislative and judicial support required to implement some of his more extreme proposals, which would clearly jeopardize the existence of such a critical sector in the overall economy.

In fact, there are other areas where O&G companies would likely benefit from Petro's government. Currently one of Colombia's largest armed groups is the ELN, who unlike the FARC, have yet to have engaged in a peace treaty with the Colombian government. This illegal armed group regularly attacks oil operations throughout the country. Attacks have included kidnappings, bombings and extortion of O&G companies.³¹ If Petro wins the presidential elections, we believe the ELN would likely be open to begin a peace process with an associated cease fire, positively impacting the short- to medium-term security and risk situation for onshore hydrocarbon operations throughout the country. Petro during his campaign has mentioned that he is willing to engage in conversations with the leaders of the ELN to reach a possible peace agreement.³² As a former M-19 guerrilla himself, his commitment to an eventual peace process with the ELN would carry considerable gravitas with the armed group.



Renewable Energy

While Petro's proposals may frighten traditional energy operators, they also potentially provide opportunities for renewable energy projects. He has promised to turn to alternative energy options to meet the country's energy demand. According to Colombia's Energy and Planning Unit (Unidad de Planeación Minero Energética - UPME), Colombia's demand for energy from 2021 to 2035 is expected to increase at an annual growth rate of between 2.28% and 2.68%,³³ so this would require some significant ramping up of the energy transition timetable.

If Petro implements his radical proposal of suspending O&G exploration, or even the more likely scenario of a more moderate decarbonization process, he will need to implement policies that promote the generation of

²⁹ <https://www.anh.gov.co/ambiental-y-social/estrategia-social/estrategia-social>

³⁰ <http://www.indepaz.org.co/wp-content/uploads/2018/08/Petro%CC%81leo-y-Transformacio%CC%81n-de-Conflictos.pdf>

³¹ <https://crudotransparente.com/2021/01/25/boletin-semanal-atentados-contra-infraestructura-no-cesan/>

³² <https://www.semana.com/nacion/articulo/si-gana-las-elecciones-petro-no-pediria-a-cuba-la-extradicion-de-la-cupula-del-eln-que-haria/202102/>

³³ https://www1.upme.gov.co/DemandayEficiencia/Documents/Presentacion_Proyeccion_Demanda2021.pdf

non-conventional renewable energy sources to ensure the country can function. In addition, even if he does not implement his more extreme proposals, given Colombia's commitment to reduce its CO2 emissions by 51% by 2030,³⁴ Petro will still have to implement policies that promote renewable energies. As a result, development of a robust renewable energy sector will be a top priority irrespective of who wins in June.



The Mining Sector

Petro's promise to reduce Colombia's dependency on fossil fuels also means that mining could be adversely affected by his presidency. Petro claims that he would restrict open-pit mining.³⁵ This could potentially affect large coal companies in Colombia, including Cerrejón which is one of the largest open-pit coal mines in the world.³⁶ He claims that no new contracts would be renewed during his administration, limiting operations and disincentivizing foreign investment in the sector.³⁷

Colombia is the world's fifth largest coal exporting country, serving as a key driver of growth for the Colombian economy. Coal exports account for 17% of the country's total exports, providing an important source of government revenue.³⁸ Petro has been particularly critical of this commodity. Changes to mining regulations and restrictions on operations would likely have a deep impact on the national economy, especially given current coal prices.³⁹ Nevertheless, similar to his promises around O&G, it is unlikely that a left-leaning government could implement such severe reforms as there simply would not be enough congressional support, as well as a fierce reaction from the local communities in the Guajira and Cesar departments that rely upon coal mining for their livelihoods.

Like the O&G sector, mining could also affect the delicate balance of community relations with the election of a left-wing president. Several large mining operations are also awaiting environmental and social licenses (including prior consultation approvals). As such, we consider it could be a risk for these corporations to have an executive branch that depends on local and ethnic communities for its electoral mandate and would lack independence as an arbitrator between the various stakeholders. This would not be a showstopper but would require significant community relations focus.

On the other hand, however, as in the case of O&G, the mining sector would also likely benefit from a potential peace agreement between the Colombian government and the ELN. The ELN is reported to be heavily involved in illegal mining, specifically gold, and they also operate in regions where important mine operations are located.⁴⁰ Therefore, a ceasefire could also benefit the security situation of these companies in the short- to medium-term.

³⁴ <https://www.cancilleria.gov.co/newsroom/news/vicepresidente-canciller-reitero-senado-compromiso-colombia-reducir-51-emisiones-co2#:~:text=el%20a%C3%B1o%202050,Vicepresidente%20y%20Canciller%20reiter%C3%B3%20en%20el%20Senado%20el%20compromiso%20de,neutral%20en%20el%20a%C3%B1o%202050>

³⁵ <https://www.portafolio.co/economia/las-propuestas-en-minas-y-energia-de-gustavo-petro-516353>

³⁶ <http://www.chmmineria.com.co/colombia-minera>

³⁷ <https://www.lasillavacia.com/historias/silla-nacional/lo-del-fiscal-con-petro-y-las-mineras-es-un-globo/>

³⁸ [https://www.anm.gov.co/?q=rueda-de-negocios-carbon-termico-en-colombia#:~:text=Colombia%20es%20el%20quinto%20pa%C3%ADs,\(4.554%20millones%20de%20toneladas\).](https://www.anm.gov.co/?q=rueda-de-negocios-carbon-termico-en-colombia#:~:text=Colombia%20es%20el%20quinto%20pa%C3%ADs,(4.554%20millones%20de%20toneladas).)

³⁹ <https://www.portafolio.co/economia/las-propuestas-en-minas-y-energia-de-gustavo-petro-516353>

⁴⁰ <https://www.defensoria.gov.co/es/nube/comunicados/7173/Con-narcotr%C3%A1fico-y-miner%C3%ADa-ilegal-ELN-AGC-y-disidencias-de-las-Farc-violan-derechos-humanos-Tumaco-Nari%C3%B1o-miner%C3%ADa-ilegal-USAID-Defensor%C3%ADa.htm>

Infrastructure

Petro's election would likely bring mixed benefits for the Colombian infrastructure sector. On the positive side, Petro has stated that he would prioritize road infrastructure, especially tertiary roads that constitute more than 60% of the national network, educational infrastructure, health, drinking water and basic sanitation, and the development of an electrical infrastructure linked to clean energy. He also wants to achieve this agenda by specifically prioritizing the interests of rural and ethnic communities.⁴¹

Although Petro's tilt in favor of community groups might make it more difficult for some private companies to obtain licensing approval and satisfy the requirements under the prior consultation processes, we believe his broader infrastructure development objectives, combined with his grassroots community credibility, might actually help ease community tensions for companies to obtain the licenses required for "Petro-approved" developments. Furthermore, infrastructure projects could also benefit from a possible peace treaty with the ELN, as it would decrease security risks implied in the development of these often frontier projects.

On the negative side, Petro's proposals could adversely impact private sector concessionaries as we believe he would strengthen public concessionaries, such as Invias. A Petro election victory may also reduce the availability of capital and financing for privately-funded infrastructure investments. He has a negative view of private banks and the financial sector, which may cause investment funds and banks to leave the country or limit lending and lines of credit.⁴² Without investment funds and banks, Western-backed infrastructure projects could be impeded, delayed, or even halted, negatively affecting development and growth across other industries. Together with Colombia's recent downgraded investment rating, the lack of accessible financing could materially impact the infrastructure sector in Colombia, as well as potentially opening the door to Chinese infrastructure investors less dependent on Western sources of capital.



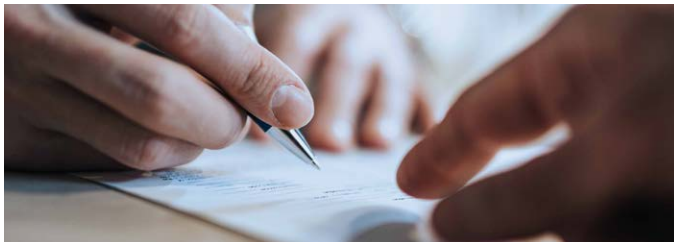
⁴¹ <https://www.portafolio.co/economia/infraestructura/propuestas-de-candidatos-presidenciales-en-infraestructura-y-transporte-515706>

⁴² <https://www.semana.com/nacion/articulo/los-bancos-no-pueden-ser-un-sistema-para-chupar-la-economia-real-gustavo-petro/202154/>

Pension Funds

Petro has also promised reforms to Colombia's pension fund system. He proposes a minimum mandatory contribution in *Colpensiones* (the public pension fund) to ensure a basic pension for everyone and strengthen public competition against private funds.⁴³ He has also promised to strengthen a payment whereby young workers pay the pensions of those already retired.⁴⁴

These proposals would likely have a negative impact on Colombia's private pension funds and on the overall economic stability of Colombia. Should a left-wing candidate, such as Petro, win the presidential election, it would be unlikely that credit rating agencies would raise Colombia's grade in the upcoming years as there would be a rise in public spending and an increase in governmental debt. In addition, Fitch Ratings ("Fitch") stated in August 2021 that the economic policies proposed by Petro may generate uncertainty in the future of the country's economy. Specifically, Fitch stated: "*Such changes could undermine monetary and fiscal policies in the medium-term and, therefore, could have rating implications*".⁴⁵ These changes would in turn impact international pension funds who have invested heavily in joint ventures with local funds over the course of recent years.



Conclusion

Although investors have justification for concern about the possibility of Petro taking power in Colombia and imposing his particular brand of left-wing populist politics, their concerns may be disproportionate to the real risks facing the country. Colombia is not Peru, and it is far too early in the electoral cycle to be concerned about the election of Petro in the 2022 presidential elections. A lot can happen between then and now. Moreover, even if Petro wins in 2022, as comfort to foreign investors and the business community, Colombia's institutional strength and rule of law appear sufficiently robust for the country to maintain economic stability and protect foreign investors in the face of a one-term limited leftist president like Gustavo Petro.

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⁴³ <https://www.semana.com/nacion/articulo/se-acabarian-los-fondos-de-pensiones-petro-cuenta-que-haria-si-es-presidente/202140/>

⁴⁴ <https://www.semana.com/economia/macroeconomia/articulo/petro-propone-aumentar-los-impuestos-a-las-importaciones-y-acabar-con-los-fondos-de-pensiones-privados/202112/>

⁴⁵ <https://www.semana.com/economia/macroeconomia/articulo/petro-propone-aumentar-los-impuestos-a-las-importaciones-y-acabar-con-los-fondos-de-pensiones-privados/202112/> (translated by authors)

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