COLOMBIA

REPORT ON THE AGRICULTURAL SECTOR

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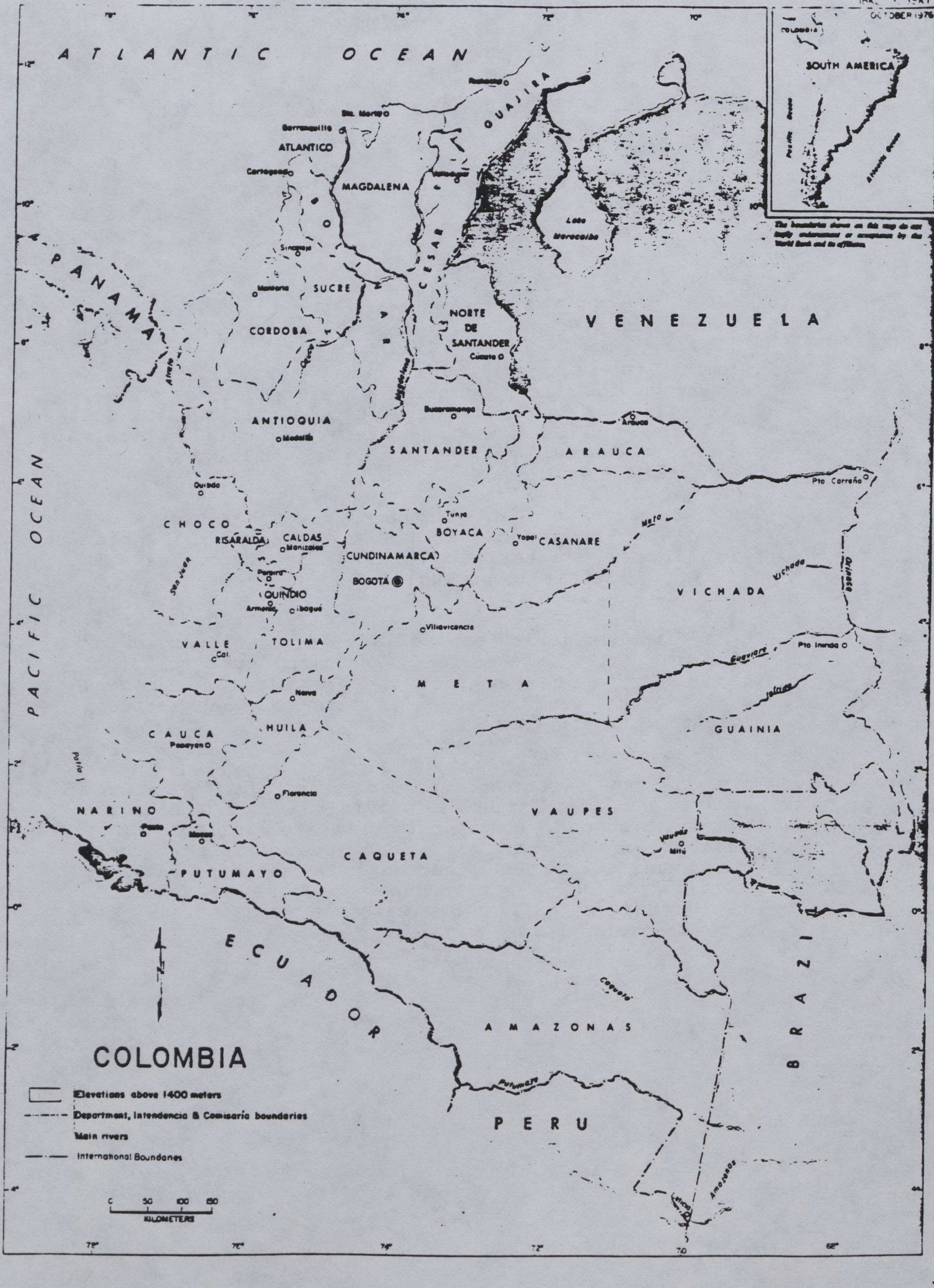
INTRODUCTION

Colombia is an agricultural country par excellence, long known for its production of high-quality coffee. It contains within its borders fertile soils which, due to a range of climatic zones resulting from a highly varied topography, permit the cultivation of practically every crop imaginable.

The objective of this report is to serve as a convenient reference document on the Colombian agricultural sector for Canadians interested in pursuing commercial opportunities in this sector.

It is divided into three sections: a brief overview of Colombia and its current economic and political situation; a review of the sector and recent developments; and an annex listing relevant sectoral organizations and contacts.

This is the first edition of this report and was prepared by the Commercial Division of the Canadian Embassy in Bogota. Similar reports are available or in preparation on the oil and gas, mining, coal, telecommunications and electronics, transport, security and defence, and electric power sectors in Colombia. The Commercial Division welcomes suggestions for improvement for future updates.


OCTOBER 1976
SOUTH AMERICA
ATLANTIC OCEAN
GUAJIRA
ATLANTICO
MAGDALENA
CESAR
PANAMA
SUCRE
CORDOBA
NORTE DE SANTANDER
VENEZUELA
ANTIOQUIA
SANTANDER
ARAUCA
PACIFIC OCEAN
CHOCO
RISARALDA
CALDAS
BOYACA
CASANARE
CUNDINAMARCA
BOGOTA
QUINDIO
VICHADA
VALLE
TOLIMA
META
HUILA
CAUCA
GUAINIA
NARINO
VAUPES
CAQUETA
PUTUMAYO
ECUADOR
AMAZONAS
BRAZIL
PERU
Pto Carreño
Pto Inirida
Villavicencio
Bucaramanga
Arauca
Tunja
Cúcuta
Florencia
Neiva
Ibagué
COLOMBIA
Elevations above 1400 meters
Department, Intendencia & Comisaría boundaries
Main rivers
International Boundaries
0 50 100 150
KILOMETERS

COLOMBIA IN A NUTSHELL

GEOGRAPHY:

Colombia is the fourth largest country in Latin America after Brazil, Argentina and Mexico and occupies a land area of 1.14 million square kms, slightly larger than Ontario. It is located at the northwestern tip of South America and thus has extensive coastlines on both the Pacific Ocean and the Caribbean Sea. Upon entering Colombia the Andes mountains break into three separate ranges running south to north. As a result of this rugged topography the climate ranges from tropical lowlands and jungle to temperate altiplanos and snow-capped mountains.

Most of Colombia's 30.6 million people live on the mountain slopes, in the fertile valleys between the ranges, and on the savannah (altiplano) of Bogota. Life expectancy at birth averages 67 years and the adult literacy rate is 88 percent.

The major cities are the capital, Bogotá, with an estimated population of six million; Medellín, 2.5 million; Cali, 1.6 million; and Barranquilla, one million. For administrative purposes Colombia is divided into 23 departments (provinces), three intendencies and five commissariats (commonly known as the National Territories), plus the Special District of Bogotá.

POLITICS:

The Republic of Colombia won its independence from Spain in 1810. It has a presidential form of government with a division of powers among the executive, legislative and judicial branches similar to that of the United States.

The Executive Branch is headed by a President elected by popular vote for a four-year term. Immediate reelection is constitutionally prohibited. The President appoints Cabinet Ministers and Departmental Governors. President Virgilio Barco's term of office expires in August 1990.

The Legislative Branch is made up of a bicameral Congress of 112 Senators and 199 members of the Chamber of Representatives. There are two main political parties, the Liberals and the Social Conservatives. A small third party, the leftist Patriotic Union, was formed following peace talks between the Government and guerrilla groups in 1985.

Colombia has the oldest history of continuous guerrilla activity in the western hemisphere. Nevertheless, the country seems to have adapted to levels of violence which would be considered unusual elsewhere and its democracy has been relatively stable since the last military government left office in 1956.

ECONOMY:

After growing by 5.8 percent and 5.3 percent in 1986 and 1987 respectively, the Colombian economy expanded by only 3.8 percent in 1988, as the government tightened its fiscal and monetary policies to contain inflation, which reached an annual rate of 28.1 at the end of the year. Colombia remains the only major Latin American economy not to have rescheduled its external debt (approximately US $16.7 billion at end 1988) although access to new foreign commercial bank loans has become increasingly difficult.

Basic Economic Indicators:

Gross Domestic Product 1987	US $35.8 bn
Per Capita Gross Domestic Product	US $1,181
Average Annual Inflation Rate 1980/1987	22.3%
International Reserves, December 1987	US $3.5 bn

ORIGINS OF GDP 1987	
Agriculture	17.1%
Mining	4.7
Manufacturing	23.6
Construction	6.4
Commerce	13.4
Transport/Communications	8.1
Electricity/gas/water	2.3
Housing	5.0
Total including others	100.0%

COMPONENTS OF GDP 1987	
Private consumption	64.6%
Government consumption	9.6
Gross fixed investment	18.8
Change in stocks	0.2
Exports	19.2
Imports	-12.4
GDP at market prices	100.0%

PRINCIPAL EXPORTS 1988*	US$ mn fob
Coffee	1,606
Oil & derivatives	953
Coal	327
Ferronickel	180
Gold	408
Total incl others	5,301

PRINCIPAL IMPORTS 1988*	US$ mn cif
Intermediate goods	2,190
of which: fuel	139
Capital goods	1,523
Consumer goods	549
Total including unclassified goods	4,400

MAIN EXPORT DESTINATIONS 1987	
USA	27.3%
West Germany	15.8%
Netherlands	4.7%
Japan	5.4%
Venezuela	4.7%
Total EEC	35.6%

MAIN ORIGINS OF IMPORTS 1987	
USA	36.1%
Japan	8.6%
West Germany	7.9%
France	4.0%
Venezuela	4.4%
Total EEC	22.7%

SOURCE: Banco de la República * estimate

SECTORAL OVERVIEW

Colombia is approximately one-tenth the size of Canada and offers sharp contrasts in climate and soil conditions. Almost half of the country is still covered by natural forests in the Amazon region and pasture lands make up another third. Overall, only five percent of the land is cultivated with seasonal and perennial crops, concentrated mainly in three types of regions:

- Tropical Flatlands (sea level to 1,000 meters above sea level), with the richest land located in the Upper Cauca River Valley, Sinu River Valley, Cesar River Valley and the foothills of the Eastern Plains. This is where most mechanized agriculture takes place, aided by modern irrigation and drainage. Typical crops are sugar cane, bananas, cacao, cassava, rice, corn, sorghum and soyabeans.

- Temperate Highlands (1,000 to 2,000 meters above sea level) located on the slopes of the three main (Eastern, Central and Western) mountain ranges of the Andean Cordillera. Coffee, sugar cane, fruit and poultry are the main products of this region.

- High Plateaus (2,000 to 3,000 meters above sea level) of Cundinamarca, Boyaca and Nariño, noted for dairy cattle and intensive cultivation of potatoes, wheat, barley, oats, flowers, vegetables and pulses.

The northern coastal plains and the vast eastern plains, the latter known as the "Llanos", comprise about half of Colombian territory and are characterized by cattle ranching. With proper irrigation and drainage, significant portions of this land could be made suitable for cultivation of specialty crops.

Planting seasons run from February through April and August through October and the corresponding harvesting periods four to six months later.

Colombian agriculture is substantially self-sufficient and exports are significant. It is competitive in several crops in addition to coffee, which continues to be the main crop and primary national export. In addition, Colombia is the world's second most important exporter of fresh flowers, the third largest banana exporter and the third largest producer of rice in the Western hemisphere. Overall the agriculture sector accounts for 22 percent of the country's GDP and approximately 40 percent of export earnings. One-third of the economically active population is engaged in agriculture.

Colombia's agricultural policy objectives are to increase food production for domestic consumption, and to generate foreign exchange through exports which in turn will promote overall economic development and increase the rural standard of living.

Development strategies emphasize self-sustaining growth through increased productivity and the stimulation of research, technology transfer, land adaptation and greater vertical integration.

- Closely cooperating in these efforts are a 14 government agencies including the Agricultural Credit Bank (Caja Agraria), which channels credit and inputs to small farmers and operates 600 offices throughout the country. The Colombian Agricultural Institute (ICA), is the research and technology arm serving the small and medium-size farmer through extension services. The Agricultural Marketing Institute (IDEMA), is responsible for importing and regulating the supply of certain basic foods, among them wheat, oilseeds, pulses, oil, and powdered milk.

Private farmers have formed a number of non-profit associations to provide various forms of support to their members. The most important one is the Coffee Growers Federation, representing 300,000 coffee growers, who produce more than 12 million bags of coffee per year. Other associations include those representing sugar, potatoes, grains, cotton, bananas, palm oil, flowers producers and livestock owners.

Late in 1988 the government launched a program to encourage agricultural production and eight basic products in particular to curb inflation, reduce imports, and increase employment. These products are rice, corn, soyabeans, beans, cassava, meat, dairy products and vegetables. High support prices, increased availability of credit and lower import taxes on agricultural machinery and pesticides are the basis for the program.

In March 1989, the Ministry of Agriculture underwent a major reorganization through the creation of four major branches within the Ministry: Planning, Production, Marketing and Financing. Companies of mixed (private and state) ownership will also eventually be involved in this reorganization.

Another important recent development was the abolition by Venezuela early in 1989 of a special rate of exchange which, in effect, subsidized imported agricultural commodities. These products are now more expensive in Venezuela, thus reducing the incentive to smuggle into Colombia. As a result wheat, oils, eggs, corn, purebred cattle and hogs and some processed food products should be more expensive in Colombia in the near future.

GRAINS

WHEAT - The Colombian wheat crop, grown on the high plateaus, supplies only ten percent of total demand, despite Government efforts to increase production by offering support prices higher than the cost of imported wheat. Only 15 percent of the seed used is certified. In addition, wheat faces strong competition from other more profitable crops. Production in 1988 reached 66,000 tons, six percent below the 72,000 tons produced in 1987, from a total planted area of 40,000 hectares. 1989 production was forecast at 70,000 tons, due to higher support prices of about CDN $386 per ton.

Wheat consumption is below that of neighboring Latin American countries, due to strong competition from less expensive and traditional corn bread ("arepas"). Partial wheat substitution to make compound bakery flours is feasible to a small extent. The average wheat flour price in 1988 was CDN $22.83 per 50 kg bag and CDN $29.40 per 50 kg bag in the second quarter of 1989. Import quotas and high bread prices are two important factors influencing trade.

In order to control imports at a determined level, the government establishes import quotas based on estimated domestic needs and supply. In addition, it usually sets the C & F price of imported wheat at the same level as the support price.

- Imports in 1987 amounted to 672,193 tons (Canada supplying 122,000 tons of hard red wheat (HRT), 22,000 tons of feed wheat and 14,000 tons soft red wheat (SRW)), increasing to 719,541 tons in 1988, of which 54,895 tons of SRW were imported from the U.S. and 22,050 tons of feed wheat imported from France. The remaining 642,596 tons of HRW came from the U.S. with 313,479 tons, Canada 162,800 tons, Saudi Arabia 100,942 tons, Argentina 67,410 tons and Yugoslavia 20,015 tons.

Import quotas for 1989 were set at 734,000 tons, of which 64,000 tons correspond to SRW for the cookie/cracker industry. Of the remaining 670,000 of HRW, 60 percent was to be imported by IDEMA and 40 percent by private mills, divided among Fedemol (70 percent), Asmoltrigo (20 percent) and independent (10 percent). To obtain the import licence, these companies must pay IDEMA an amount of US $4 per US $1,000 on the CIF value for handling import documents through INCOMEX. Import duties to private mills are set at 23 percent of CIF value to cover IDEMA operating expenditures. An additional 10 percent import duty collected by IDEMA on the CIF value goes to the Central Bank. The milling and baking industries attribute the high price of flour to these taxes.

BARLEY - Mainly grown on the high plateaus. Production increased from 92,000 tons in 1987 to 97,000 tons in 1988, up five percent. The area planted increased by 14 percent in 1988, for a total of 51,000 hectares. Higher production costs and the lack of rust-resistant varieties have hampered a wider planted area. Barley support prices increased from CDN $295 per ton in 1987, to CDN $373 in 1988 and to CDN $350 for the second crop in 1989.

Total 1989 production is estimated at 107,000 tons. Since consumption, mainly by the beer industry, is increasing at six percent per year for a total of 240,000 tons, the balance must be imported as barley and malting barley.

- Imports in 1987 amounted to 110,727 tons of barley and 30,000 tons of malting barley from Canada, 20,000 tons from France, and 10,000 tons from Australia. During 1988, a total of 38,705 tons of barley were imported from Canada and 62,467 tons of malt from several European countries.

For 1989, authorized imports were set at 65,000 tons of malting barley and the same amount for malt. Since the only malting plant in Colombia has been dismantled and the new plant (180,000 tons) in Cartagena will not operate before 1990, barley imports may reach 85,000 tons in 1989.

The general policy for barley is to establish support prices to growers, absorption quotas on the domestic crop by brewers and import quotas with high import duties. As with wheat, IDEMA charges US $4 per US $1,000 of the CIF value for handling import licences. Import duties amount to 33 percent of CIF value for barley, 25 percent ad valorem when imported as malting barley and 35 percent as ground malt.

CORN - Planted in the tropical flatlands (mechanized), although the majority of production for grain and corn on the cob, (traditional and unmechanized) takes place in cooler areas. Production in 1988 reached 900,000 tons, up six percent from 1987, harvested from an area of 660,000 hectares.

The Government seeks self-sufficiency in this crop and to substitute corn for one-third of wheat imports. It is a staple in the Colombian diet and minimal amounts are used for feed. Credit for corn during 1989 was set at CDN $345 per hectare versus CDN $248 in 1988. Support prices increased from CDN $231 per ton in 1988 to CDN $295 per ton in 1989. A price stabilization fund of CDN $1.2 million was set up by the government through IDEMA for corn purchases in the market when deemed necessary to minimize speculation.

- Imports during 1988 totalled 33,000 tons of yellow corn and 9,539 tons of white corn, all from the U.S. Imports are sporadic and only undertaken when shortages occur. Substantial amounts enter Colombia as contraband from Venezuela. Import duties are the same as for wheat and barley at 33 percent on the CIF value. In 1989, a total of 1.1 million tons were expected to be produced from an area of 760,000 hectares.

SORGHUM - Production is estimated at 700,000 tons for 1988, up only 1.0 percent from 1987. The area planted nevertheless increased by 2.7 percent over the previous year to 260,000 hectares. Higher input costs and marketing problems were faced by producers. Support prices were CDN $200 per ton in 1988 and CDN $259 for the second crop of 1989.

- Sporadic imports take place if shortages occur, as in 1988 when IDEMA imported 21,245 tons in order to increase buffer stocks. No imports were foreseen in 1989 due to the ample supply of substitutes. Production was forecast at 720,000 tons for 1989.

RICE - Planted in the flatlands, milled rice production in 1988 totalled 1,026,000 tons, 18 percent above 1987, from a planted area of 400,000 hectares. Around 75 percent of the crop is grown under irrigation and using 80 percent certified seed. Nevertheless, excess rains caused low yields in 1988. For 1989, 1.2 million tons are forecast. The support price which is at CDN $319 per ton, was raised by 46 percent in 1988 and 38 percent for 1989 for dry paddy rice.

- Imports totalled 39,960 tons in 1988, from Thailand (17,283 tons), Egypt (10,500 tons), China (10,000 tons) and Ecuador (2,176 tons). No imports were planned in 1989, and in fact, around 30,000 tons was to be exported to a neighboring country in the second semester.

OILSEEDS

Domestic oilseed production comes from African palm (60 percent), soyabeans (20 percent), cottonseed (13 percent), palm kernel, sesame, sunflower and rapeseed (7 percent). A total of 218,000 tons of soyabeans and 65,000 tons of soyabean oil, fish oil and sunflower oil were imported in 1988 to meet domestic demand. Import quotas are established periodically by the National Oilseed Council for oilseeds, oils, and oilseed meal.

Government policy is to withdraw support for new African palm plantings since investment is too high and processors have reached capacity. Oilseed crops which quickly reach maturity are preferred and require less investment. The government policy is to offer fair support prices, raise them faster than inflation and ensure prompt payment to producers, as well as to impose high import tariffs on oilseeds and oilseed products (meals and oils) and import quotas based on recent production.

AFRICAN PALM (fruit and kernels). Grown in four different areas of flatlands in Colombia. The Eastern Plains area is the one with faster expansion. Production in 1988 was estimated at 928,000 tons (equivalent to 180,000 tons of oil) from an area of 58,000 hectares.

- In 1989 the government withdrew its production support for new plantings due to insufficient domestic processing capacity. Around 70,000 hectares were to be harvested in 1989 for a total production of 1.2 million tons of fruit (equivalent to 217,000 tons of oil). Nevertheless, this excess production will have to be consumed domestically since the external price is low.

SOYABEANS - Traditionally grown in the Cauca Valley area, new plantings are taking place in the Eastern Plains in order to expand production. The area planted in 1988 totalled 73,000 hectares and production amounted to 116,000 tons versus 131,000 tons in 1987. The forecast 1989 production was 200,000 tons planted on 93,000 hectares, thanks to generous support prices (CDN $576 per ton) and easy credit.

- Consumption in 1988 amounted to 333,000 tons. To cover the deficit, 196,000 tons of soyabeans were imported from the U.S. and 22,000 tons from Argentina. For 1989, lower imports of 150,000 tons are expected due to higher domestic production of African palm and soyabeans. The ad valorem duty on soyabeans is 25 percent plus an 18 percent tax on CIF value.

COTTONSEED - By-product of cotton production areas of the Northern Coast, Cauca Valley, Tolima Department and foothills of the Eastern Plains. Production reached 240,000 tons in 1988 from a planted area of 230,000 hectares. For 1989, only 210,000 hectares was expected to be planted due to marketing problems in the last harvest. No imports have been made in the past year.

SESAME SEED, SUNFLOWER SEED, RAPESEED AND PEANUTS - These are produced in small amounts in different areas of the country by small landowners. The total area planted is estimated at 24,000 hectares and overall production at 22,000 tons.

OILSEED PRODUCTION AND IMPORTS - Total oilseed production in 1988 amounted to 415,000 tons, 17 percent higher than 1987, due to larger African palm and cottonseed harvests, despite a decrease in soyabean production. The only oilseed imported in 1988 was a total of 218,000 tons (196,000 from the U.S. and 22,000 tons from Argentina) of soyabeans. For 1989, total oilseed imports include only 150,000 tons of soyabeans. Customs duties for oilseeds are 25 percent plus 18 percent on the CIF value.

VEGETABLE OIL PRODUCTION AND IMPORTS - A total of 296,000 tons of refined oil was produced in 1988, 18 percent more than the 250,000 tons in 1987. This increase was obtained from imports and a higher production of African palm and cottonseed oil, despite the decrease in production of soyabean oil. For 1989, African palm and soyabeans production was to increase, overcoming to a large extent the lower cottonseed output resulting from reduced cotton plantings. A similar increase in total oil production was expected in 1989.

- Imports totalled 65,000 tons in 1988, represented by 56,000 tons of soyabean oil from Argentina (which offered lower prices than North America), 6,000 tons of fish oil from Chile and 3,000 tons of sunflower oil from the U.S. For 1989, a quota of 73,000 tons of oils was set, including 50,000 tons of soyabean oil, 20,000 tons of fish oil and 3,000 tons of sunflower oil. These figures may be revised depending on domestic supply.

OILSEED MEAL PRODUCTION AND IMPORTS - Total oilseed meal supply in 1988 was calculated at 393,000 tons, up seven percent from the 368,000 tons available in 1987, which includes domestic and imported meal.

- From this supply, 11,000 tons of soyabean meal and 35,000 tons of fish meal correspond to imports, or 12 percent of total requirements. For 1989, if government promotion plans succeed, a substantial surplus of around 100,000 tons would result. This would hold true if only 20,000 tons of fishmeal are imported in 1989 and taking into account a growth of seven percent used in feeds.

OTHER AGRICULTURAL PRODUCTS

COFFEE - Coffee bushes are grown on mountain slopes in the temperate highlands of Colombia, between 1,000 and 1,800 meters above sea level. A total of 11.8 million bags (60 kgs each) of green coffee were produced in 1988 as compared to 12.5 million bags in 1987, due to dry weather during the first four months affecting blossom formation, excess rains during the remainder of the year, and less fertilizer used because of higher prices for this input. Price increases to producers were below the inflation rate, which created further disincentives for production.

- In 1989, a total production of 11.4 million bags was expected. Stocks stood at about nine million bags. Exports during 1988 totalled 9.8 million bags, 12.5 percent below the 11.2 million bags exported in 1987. These totalled CDN $2.12 billion in 1988. During that period Canada imported green, roasted and instant coffee valued at CDN $78.8 million. The U.S. and West Germany were the largest buyers.

Efforts to control coffee bush rust reached CDN $47.8 million in 1987, as the fungus appeared in Colombia in 1985. In 1988, 75 percent of the coffee area was affected, increasing the burden on growers. Coffee production goals are to reach a production of 14 to 15 million bags by 1995, mainly through higher yields of existing plantations.

BANANAS - Banana production, mainly originating in the Uraba region of the Northern Coast, grew slightly in 1988 for a total of 969,000 tons over 1987, despite social and guerrilla problems faced in the production area and damage inflicted by a hurricane. Total hectares harvested amount to 26,000 in 1988.

- Exports during 1988 totalled 886,000 tons for a value of CDN $264 million, with the U.S. and France as the most important markets. Canadian purchases amounted to 26,603 tons worth CDN $15.4 million. In 1989, some 898,000 tons were to be exported.

COTTON - Grown on the Northern Coast, in the Cauca Valley, Tolima and Meta Departments, where two crops are harvested per year. In 1988, a total of 126,000 tons were harvested from an area of 212,000 hectares. Yields were affected by rains at planting and harvesting time. In addition, low international prices, low domestic prices paid by textile mills and higher cost of inputs resulted in marketing problems.

Consumption is estimated to have grown three percent in 1988 and exports totalled 55,000 tons, the same level as in 1987. Plantings in 1989 were eight percent lower than the previous year.

TOBACCO - Grown in the Departments of Tolima, Cauca Valley, Santander, Meta, and on the northern coast. Production increased by nine percent in 1988 to 27,000 tons (dry weight) harvested from 22,000 hectares. Consumption of black tobacco leaf (northern coast) continued to decrease in favor of lighter types. Total domestic consumption increased only two percent in 1988.

- Exports amounted to 10,950 tons, up 18 percent from the 8,944 tons exported a year earlier. Imports in 1988 (Virginia type) came from Brazil and Argentina, totaling 4,225 tons, versus 3,064 tons the previous year. In 1989 29,000 tons were expected to be produced and 11,350 tons exported to countries that are reducing their plantings.

SUGAR - Almost all Colombian sugar cane is grown in the Cauca Valley, where plantings have decreased in recent years due to low international prices. Production totalled 1.4 million tons in 1988 with a consumption of 1.1 million tons at a price of CDN $0.22 per lb.

- Exports of raw sugar totalled 230,000 tons, mainly to Morroco, the USSR, China, South Korea, Portugal and Ecuador. Exports of refined products amounted to 10,500 tons and molasses to 58,000 tons. These lower exports compared to 1987 are due to weaker world prices and greater domestic demand for use in liquors and feeds. Molasses production, which totalled 365,000 in 1988, was expected to increase to 370,000 tons.

COCOA - Grown in all tropical areas of Colombia by small landholders. Production of dry beans in 1988 totalled 53,800 tons out of 98,000 hectares harvested (115,000 hectares planted) as new trees entered production and old ones were replaced. New plantings totalled 9,537 hectares.

- Colombia is now a net exporter and exports totalled 11,719 tons to the U.S. and Europe versus 13,000 tons exported in 1987. 1989 exports were expected to be 14,000 tons depending on a recovery of world prices.

FLOWERS - The year-round spring climate of the highlands around Bogotá, Medellín, Cali and Manizales, at altitudes of 2,000 to 3,000 metres above sea level, has favoured this fast-growing industry during the last twenty years, where only some plastic roof and walls are required to protect the plants.

Colombia ranks second in the world in fresh flower exports after Holland. Colombian flowers, which are renowned for their colour, vitality and duration, benefit from favorable climate, low-cost intensive labor, and advanced air cargo facilities for rapid distribution. Carnations, pompons, mums, and roses represent 88 percent of exports, although some twenty different varieties are grown in 280 flower farms averaging 20 acres. This industry has created direct employment opportunities for close to 100,000 people, 65 percent of them are women, with the best wages in the agricultural sector.

- Exports in 1988 reached 87,019 tons for a total value of CDN $247 million, up 17.8 percent from 1987. The two largest markets are the U.S. (82 percent) and Europe (11.9 percent) but another 45 countries are also supplied. Canadian purchases amount to CDN $6.9 million in 1987, increasing to CDN $9.6 million in 1988.

PROEXPO, the Export Promotion Office, will build flower handling terminals in Bogotá and Miami with refrigeration facilities to improve the duration of cut flowers. In 1989, the covered greenhouse area was expected to increase by five percent to reach 2,500 hectares and exports were projected at CDN $284 million.

POTATOES - 1988 production amounted to 2.2 million tons, planted on an area of 170,000 hectares. This represents a three percent increase over 1987 on account of better prices and weather, although inputs were costlier. The main producing Departments are Cundinamarca, Boyacá and Nariño. Yields very widely from 10 to 25 tons per hectare according to technology used and inputs applied. Most production comes from five-hectare plots in small holdings. Only four percent of this production is processed. Prices move in a cyclical pattern due to planting times although harvesting is almost continuous somewhere in Colombia.

- As a general rule, Colombia imports neither potatoes nor seed although processors claim that local existing varieties do not meet their requirements. Very sporadic minor imports take place from neighboring Venezuela and Ecuador. Exports are made on a minor scale to neighboring countries and to the Caribbean islands. For 1989, a similar production of 2.3 million tons was expected due to higher input costs.

CASSAVA - Grown in the tropical and temperate highlands of Colombia, it is a staple that partially replaces potatoes. Production in 1988 amounted to 1.2 million tons from a total planted area of 151,000 hectares. Production for 1989 was forecast to be three percent higher. Cassava chip production reached 30,000 tons, of which 1,000 tons went to Venezuela.

PLANTAINS - Grown in the tropical and temperate highlands of Colombia. The total area planted reached 365,000 hectares in 1988, with a production of 2.3 million tons. For 1989, 385,000 hectares were expected to produce 2.5 million tons.

APPLES - Although domestic production amounts to 20,000 tons, imports in 1988 reached 17,000 tons, up three percent from 1987. Chile supplies 50 percent, the U.S. 25 percent and smaller quantities come from Canada, Argentina and France.

PULSES - Although some lentils and peas are produced domestically, Colombia is an important market for imported pulses. The general preference is for whole green peas used for canning, some soups and typical dishes while lentils are preferred in main dishes and soups.

- During 1988, a total of 30,000 tons of peas were imported, 22,348 tons coming from the U.S. and 7,662 tons from Canada. Lentil imports during 1988 reached 24,400 tons, 10,000 less than 1987, all from Canada in both years. Chickpeas, consumed to a lesser extent, were imported also at a level of 1,500 tons from the U.S. For 1989, pea imports of 32,000 tons were expected, again from Canada and the U.S. Lentil imports of 32,000 tons were also forecast, all from Canada. Chickpeas were to be imported by IDEMA (500 tons) and by the private sector (1,000 tons).

BEANS - Produced in the highlands and high plateaus of Colombia, it is a staple of the local diet. Total production in 1988 reached 96,000 tons from a planted area of 128,000 hectares, six percent higher than 1987. For 1989, production was expected to decrease due to excessive rains in late 1988.

- To meet total demand, imports of 7,000 tons were made in 1988, IDEMA purchasing 3,135 tons from the U.S. and the private sector 3,865 tons from Ecuador. For 1989, the same amount was expected from abroad, purchased again by IDEMA and the private sector. The support price to producers is CDN $1,489 per ton.

LIVESTOCK AND LIVESTOCK PRODUCTS

BEEF AND DAIRY CATTLE - Total cattle are estimated at 17.7 million head for 1988, four percent less than 1987 due to social problems in rural areas. This figure includes beef, dual purpose, and dairy cattle. The latter group is estimated at 3.5 million head and is found in all three climatic regions of Colombia, but especially in the high plateaus where dairy farming is more advanced. Milk production is estimated at 3.6 million tons annually. About 3.7 million head of cattle were slaughtered in 1988, up five percent from 1987, because of low production incentives and extensive floods in the second half of the year.

- Contraband exports to Ecuador amounted to 25,000 head in 1988, whereas legal exports decreased from 12,360 head in 1987 to 4,404 head in 1988, primarily to Peru, Venezuela and the Dutch Antilles. Imports, entirely of breeding stock, amounted to 3,011 head in 1988, 80 percent beef cattle (Simmenthal and Brahman) and 20 percent dairy cattle (Holstein and Jersey). Powdered milk imports totalled 5,300 tons in 1988, all from Belgium. By the second quarter of 1989, these imports created an excess of milk in the market which, it seems, compelled the government to export 1,500 tons of powdered milk later in the year.

SWINE - Raised in all regions of Colombia, swine numbers stood at 5.2 million head in 1988, three percent below 1987. Only 500,000 head are considered of a sufficient quality to justify investments in new production technology. Slaughter increased in 1988 to 2.0 million head and was expected to reach the same level in 1989.

- Swine imports totalled 250 head in 1987, fell to 146 head (116 from Canada and 30 from the U.S.) in 1988, but was expected to rise to 500 head in 1989.

POULTRY - Egg production in 1988 totalled 4.8 billion units, up one percent from 1987. For 1989, a production of five billion eggs was forecast. Inputs increased substantially in 1988 resulting in a 29 percent increase in egg prices. The price per dozen eggs, AA type early 1989 was CDN $1.24. Extensive egg smuggling from Venezuela affected domestic production costs but it was expected to decrease in 1989. Broiler meat production totalled 233,000 tons in 1988 versus 220,000 a year earlier, thanks to improved prices. For 1989, 240,000 tons were expected to be produced.

- Two thousand tons of broiler meat were imported in 1988, mainly for the free port of San Andrés Island. Day-old chick imports for meat and egg production amounted to 230,360 units valued at CDN $2.5 million from the U.S. and Canada in 1988. Hatching eggs totalled 1.9 million units worth CDN $301,000 from the U.S. Similar import levels were expected in 1989.

SEMEN - Imports in 1988 reached CDN $1.6 million with 205,035 doses, the U.S. being the main supplier followed by France. For 1989, imports were expected to rise to CDN $2.2 million.

AGRICULTURAL INPUTS

FARM MACHINERY - A plan to renew agricultural machinery is underway since 44 percent of tractors and 61 percent of combines are ten or more years old. Taxes on tractor sales of 0.1 percent and 10 percent were lifted in 1986. Imports of used tractors are tax exempt if they are less than five years old and spare parts are assured. The small 65 HP model is preferred. There are 28,000 units of all sizes in Colombia. In 1988 the Agricultural Financing Fund allocated a CDN $27.8 million line of credit to import agricultural machinery, which could be increased to CDN $52.2 million in 1989. Sales of tractors in 1988 totalled 1,500 units, 30 percent higher than 1987.

- East Germany and Colombia reached agreement on a CDN $45.2 million farm machinery loan through the Agriculture Credit Bank (Caja Agraria). Seventeen combines have already been delivered at a price of CDN $1,042,000 each. In addition the Grain Producers Association (FENALCE) is representing Brazilian farm machinery producers and is actively promoting sales. Both of these deals offer lower prices than those offered by Canada in the past.

FERTILIZERS - Production of compound fertilizers amounted to 530,000 tons in 1988, two percent higher than 1987. Domestic use represented 500,000 tons and exports amounted to 30,000 tons. Simple fertilizers were also used. Total nutrient imports for both types reached 165,000 tons of nitrogen, 95,000 tons of phosphorus, and 123,000 tons of potassium. Only 10 and 16 percent of the nitrogen and phosphorus supply respectively is produced in Colombia.

- Since the three fertilizer plants are already at full capacity, it was expected that imports might be required in 1989 to meet demand, especially for crops under the government promotion plan. Most nutrient imports come from the U.S. The freeing of fertilizer prices in 1988 led to high increases. The government promised to lower import duties and manufacturers taxes in 1989 in an effort to reduce fertilizer costs.

PESTICIDES - Imports of 38,000 tons of copper-based pesticides occurred in 1988 to combat coffee rust disease. Pesticides production for other uses reached 16,500 tons of active ingredient during 1988. Some 4,700 tons of pesticides were exported. During 1987, the Colombian Agricultural Institute prohibited the use of chlorimeform and in 1988 it added aldrin, dieldrin, eptochlor, chlordane and confechlor to the banned list.

MIXED FEEDS - Total mixed feed production amounted to 1.9 million tons in 1988, three percent higher than in 1987. Of this total, 77 percent corresponded to poultry feeds, 14 percent to swine feeds, eight percent to dairy feeds and one percent to other types. The ingredients used in these feeds were: sorghum, 41 percent; soyabean meal, 15 percent; cottonseed meal, five percent;, fishmeal, one percent; sugar, ten percent; molasses, three percent; and other feeds 25 percent. In 1989 production was expected to increase five percent to 2.0 million tons.

MARKET OPPORTUNITIES FOR CANADA

WHEAT - 670,000 tons of HRW was the 1989 quota, of which 60 percent was to be imported by IDEMA and 40 percent by private millers. As of June, 100,000 tons from Argentina and 155,000 tons from U.S. (BICEP/EEP) had arrived for IDEMA within its 60 percent import share. A total of 75,051 tons (4 embarkments) had also arrived for the private mills under their 40 percent share. For the second semester, 65,000 tons per month was to be purchased from Canada and the U.S. for delivery during September-December, for a total of 265,000 tons.

BARLEY - The import quota for malting and bakery barley was set at 65,000 tons for each of these products during 1989. A total of 32,700 tons of malt from the European countries was imported in the first semester. Purchases in the second semester were also made from Europe for immediate delivery. Barley imports from Canada and France amounted to 20,000 tons each during the first half of the year. Imports for the second semester were to come from Europe and Australia as Canadian prices were felt to be too high.

SOYABEANS - The 1989 import quota was set at 150,000 tons. A total of 22,000 tons from Paraguay were purchased during the first semester. Since the harvest was due by mid-1989 and was expected to be abundant, only 80,000 tons were to be purchased during the second half of the year for delivery from September through December, for total imports of only 102,000 tons in 1989.

VEGETABLE OILS - Of the quota of 50,000 tons of soyabean oil, 20,000 tons of fish oil and 3,000 tons of sunflower oil set for 1989, a total of 15,000 tons of soyabean oil from Argentina was imported during the first half of the year. No imports were foreseen for the rest of the year in view of larger crops of most oilbearing seeds.

APPLES - Around 20,000 tons were to be imported during 1989. Sales of Canadian apples might increase, especially during the off-season in Chile, the largest supplier.

PULSES - Imports of lentils and peas were estimated at 35,000 tons each for 1989 and beans at 7,000 tons. IDEMA purchased 4,000 tons of peas for shipment beginning in September and 3,500 tons of lentils, all from Canada. The private trade was to import the rest of both products. Imports of red kidney beans, originally set at 7,000 tons for 1989, were reduced to 2,000 tons already purchased from Canada. Further imports were halted thanks to a larger domestic crop.

LIVESTOCK - Imports of cattle during 1988 totalled 3,011 head. In 1989, around 2,500 head (mostly Simmenthal, Holstein and Jersey) were expected to be imported, of which 1,033 head had already been authorized by the middle of the year. Horse imports totalled 163 during 1988 and 300 were expected for 1989, of which 231 already had been authorized.

Imports of swine during 1988 totalled 146 and were expected to reach 300 head in 1989. Germany sold 105 of these pigs. Day-old chick imports totalled 230,360 in 1988 and were expected to reach 260,000 units in 1989.

Semen imports totalled 205,035 doses in 1988 and were forecast to rise to 260,000 doses in 1989, of which 142,000 doses had already been authorized by mid-year. No significant number of embryos has ever been imported into Colombia.

INPUTS - Good opportunities exist for Canadian companies in farm machinery and equipment (tractors, combines, seed cleaners, unloaders, dosifiers, etc.) and fertilizers, pesticide, and mixed feed ingredients, provided Canadian prices are competitive.

CANADIAN AGRICULTURAL EXPORTS TO COLOMBIA, 1986-1988

PRODUCT	1986 Quantity 000 tons	1986 Value $	1987 Quantity 000 tons	1987 Value $	1988 Quantity 000 tons	1988 Value $
Red spring wheat	123	16,658	123	18,743	171	42,358
Barley	-	-	111	10,420	39	4,224
Wheat or meslin flour	-	-	-	-	8	2,641
White winter wheat	11	1,462	22	1,851	-	-
Peas, whole dried	3,504	1,200	13	4,042	8	2,113
Lentils, dried	12,367	7,636	34	17,235	24	7,092
Alberta winter feed wheat	-	-	14	2,294	-	-
Other *	-	2,089	-	2,011	-	1,339
TOTAL		**$29,046**		**$56,596**		**$59,767**

* Live animals, meats, powdered milk, flour, apples, beans, spices, bovine semen, etc.

NOTE: All values in thousands of Canadian dollars.

SOURCE: International Trade Division, Statistics Canada

CANADIAN AGRICULTURAL IMPORTS FROM COLOMBIA, 1986-1988

	1986		1987		1988	
PRODUCT	Quantity 000 tons	Value $	Quantity 000 tons	Value $	Quantity 000 tons	Value $
Live animals	-	3	-	8	-	-
Bananas and plantains	34,515	16,557	47,132	22,322	26,603	15,401
Coffee, green	13,520	84,507	19,138	70,550	18,154	73,420
Coffee, roasted or ground	190	1,452	237	1,324	403	2,286
Instant coffee	320	4,005	284	2,303	383	3,085
Cut flowers	-	6,785	-	6,891	-	9,551
Other	-	68,232*	-	1,504**	-	1,761
TOTAL		**181,541**		**104,903**		**105,504**

* Raw cotton, gelatin, sugar, orange juice, grapes and other products

** Gelatin, sugar, grapes, cocoa beans, and other minor products

*** Sugar, dog food, fruits, green tea, and other minor products

NOTE: All values in thousands of Canadian dollars.

SOURCE: International Trade Division, Statistics Canada

AGRICULTURE AND LIVESTOCK CONTACTS

Government Entities

Ministerio de Agricultura Carrera 10 No. 20-30 Bogotá, Colombia Tel. 242-0520 Fax 91-2841775 Telex 44470	Ministry of Agriculture
Caja de Crédito Agrario, Industrial y Minero Carrera 8 No. 15-43 Bogotá, Colombia Tel.: 284-4600	Agriculture Credit Bank (400 branches)
Instituto Colombiano Agropecuario, ICA Calle 37 No. 8-43, Piso 4 Bogotá, Colombia	Agriculture Research and Extension Institute
Instituto de Mercadeo Agropecuario Carrera 10 No. 16-82, Piso 10 Bogotá, Colombia Tel. 282-9911 Telex 41274 and 45355	Agriculture Marketing Institute

LIVESTOCK ASSOCIATIONS

Asociación de Criadores de Ganado Simental Calle 88 No. 18-44 Bogotá, Colombia Tel. 332-3476 and 288-3260 Att. Humberto Ramírez, President	Simmenthal Assoc.
Asociación Colombiana de Criadores de Holstein Friesian Apartado 90775 Bogotá, Colombia Tel. 676.0015 and 676-0035 Att. Antonio Botero, Executive Director	Holstein Association
Asociación Colombiana de Criadores de Ganado Jersey Diagonal 127A No. 29-31, Of. 203 Bogotá, Colombia Tel. 214-0167 and 215-5254 Att. Jorge E. Espinosa, Executive Secretary	Jersey Association

Federación Colombiana de Asociaciones Equinas Carrera 13 No. 79-59 Bogotá, Colombia Tel. 218-9628 and 236-6112 Att. Camilo de Francisco, President	Horse Federation
Asociación de Porcicultores Carrera 15 No. 87-94, Of. 501 Bogotá, Colombia Tel. 218-1964 Att. Alvaro Bernal, Executive Director	Swine Association
Federación Nacional de Avicultores, FENAVI Calle 45A No. 9-66, Piso 4 Bogotá, Colombia Tel. 332-3476 and 287-6735 Att. Josué Franco, President	Poultry Federation

AGRICULTURAL ASSOCIATIONS

Asociación Colombiana de Molineros de Trigo ASMOLTRIGO Calle 30 No. 6-22, Of. 1603 Bogotá, Colombia Tel. 285-8090 and 332-1987 Att. Fernando Trujillo, Executive President	Wheat Millers' Association
Federación Nacional de Molineros de Trigo FEDEMOL Calle 17 No. 8-90, Piso 7 Bogotá, Colombia Tel. 241-5990 Att. Victor Sánchez, President	Wheat Millers' Association
Malterías Unidas Avenida Boyacá No. 9-02 Bogotá, Colombia Tel. 292-3311 and 292-0201 Att. Héctor Devia, General Manager	Beer Producer - Barley and malt
Instituto de Mercadeo Agropecuario (IDEMA) Carrera 10 No. 16-82, Piso 13 Bogotá, Colombia Tel. 282-9911 Telex 41274 and 45355 Att. Helmut Bickenbak, General Manager	Agric. Marketing Institute Wheat, oats, oilseeds, oils, meals

Asociación Colombiana de Fabricantes de Grasas y Aceites Comestibles
Carrera 13 No. 27-00
Bogotá, Colombia
Tel. 281-8616 and 281-9504
Att. Charles Danna, Executive President

Oilseeds and Oil Producers Association

OTHER ASSOCIATIONS AND ENTITIES

Monómeros Colombo Venezolanos
Calle 37 No. 8-43, Piso 6
Bogotá, Colombia
Tel. 287-1100

Fertilizer Producer

Asociación de Importadores y Distribuidores de Maquinaria Agrícola, ADIMAGRO
Carrera 15 No. 106-64
Bogotá, Colombia
Tel. 215-9037 and 215-9163

Farm Machinery Importing Assoc.

Asociación Colombiana de Productores de Semillas ACOSEMILLAS
Calle 72 No. 12-65, Of. 406
Bogotá, Colombia
Tel. 212-1627 and 217-1664
Att. Alvaro Gartner, Executive President

Seed Producers Association

SOME IMPORTANT GOVERNMENT CONTACTS:

South America Trade Development Division
Department of External Affairs
125 Sussex Drive, Ottawa, Ontario K1A 0G2
Phone: 613-996-5546

Agri-Food Products Division
Agri-Food, Fish and Resource Products Bureau
Department of External Affairs
125 Sussex Drive, Ottawa, Ontario K1A 0G2
Phone: 613-996-3705

International Marketing Section
International Programs Branch
Department of Agriculture
930 Carling Ave., Sir John Carling Bldg.
Ottawa, Ontario K1A 0C5
Phone: 613-993-6671

South America Department
Export Development Corporation (EDC)
151 O'Connor St., Ottawa, Ontario K1P 5T9
Phone: 613-598-2955

Industrial Cooperation Program
Canadian International Development Agency (CIDA)
200, Promenade du Portage, Hull, Québec K1A 0G4
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