

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

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Colombia

Post: Bogota

Colombia's agriculture sector and roads are being severely impacted

Report Categories:

Trade Policy Incident Report

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Report Highlights:

Colombia continues to be hit by heavy rains caused by "La Nina" phenomenon. Several agricultural areas are being impacted due massive flooding and poor road conditions. As a result, the quality of agricultural products and production levels are suffering.

General Information:

Due to “la Niña” weather phenomenon, Colombia continues to undergo the impact of the largest rainy period ever recorded. According to our sources, the disaster has already cost Colombia \$5.8 billion over the past two years, and as reported recently, during the last quarter of 2011 precipitations have affected directly more than 400,000 people in 27 out of 32 departments (states) of Colombia.

In addition, sources indicate that over the past two years, the agricultural area affected by “la Nina” increased over 800,000 hectares. The cattle industry has been one of the hardest hit sectors, losing around \$1.5 billion. Also, dairy production declined by one million liters which represents \$421.000 losses per day. Major events combined have caused dairy plants to reduce their activities by 40 percent.

Thus, the Cattle Industry Federation (FEDEGAN) is currently asking the Government of Colombia for a tax exemption program for those cattle farmers affected by the floods. FEDEGAN’s President stated that flooded meadows will take at least a year to recover, and that Boyacá and Cundinamarca where the largest dairy industry is located have more than 1,000 farms completely flooded.



Source: www.vanguardia.com

Moreover, our sources indicate production numbers have decreased for most agricultural products. However, paradoxically, the reduction in the food supply has not affected the prices during the third quarter of 2011, due primarily to: 1) farmers having pushed their crops to harvest before the rainy season, losing some quality of products and 2) farmers being forced to sell the products in the regional markets due to the poor road condition.



Source: ECON section U.S. Embassy Bogota

Finally, it is expected that food prices will increase during December as a result of crop damages, the collapse of road infrastructure and an increase in freight rates of up to 30 percent. In addition, the National Highway Police indicated that currently there are eight major highways and 20 secondary and tertiary roads closed. Furthermore, the road connecting the port of Buenaventura to Bogota is not operating at full capacity due to recurring landslides; this road transports 120.000 tons of cargo daily. Finally, our source indicated the alternative route will add an extra five hours to the travel time which would result in daily commercial losses of \$5 million per day.