

Colombia Market Report

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Economy

According to a report by the International Monetary Fund (IMF), Colombia is expected to see economic slowdown for an “extended period” this year. Reports suggest economic growth will be as low as 2.7% for 2016. Colombia is particularly vulnerable to an economic slowdown due to the further decrease of commodity prices. Although economic growth is lower than previous years it continues to be one of the top performers in Latin America.

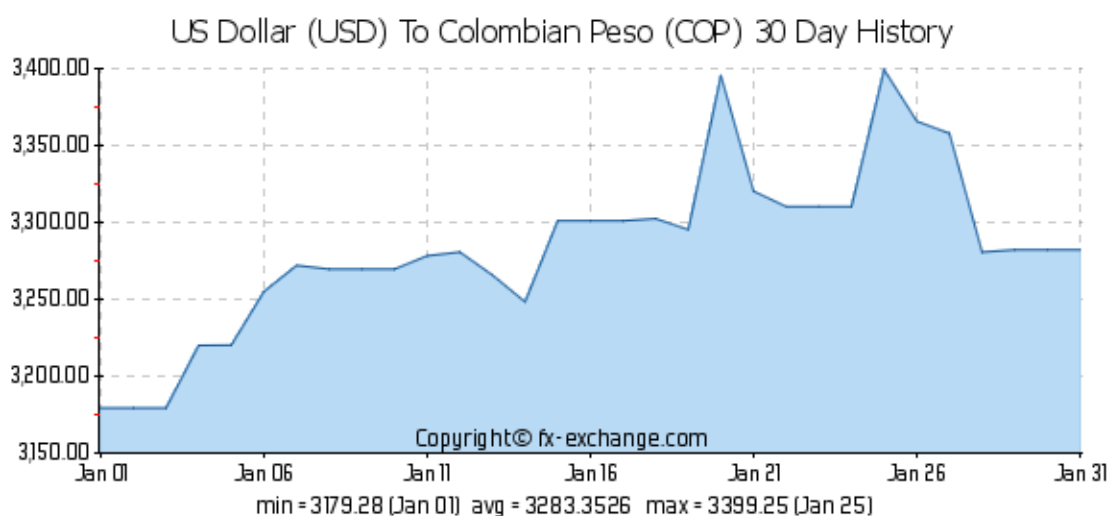
The government intends to cut spending throughout 2016 to reduce the deficit but with oil prices currently around \$30 barrel this could prove challenging. Colombia began to raise interest rates last September and increased them to 5.75% in December. Colombia’s government expects to obtain up to \$2 billion of revenue from selling their 57.6% stake in energy company Isagen to Canada’s Brookfield Asset Management. The controversial sale, surprisingly supported by President Juan Manuel Santos will be used to fund infrastructure projects.

Food prices in Colombia and the government’s need for revenue have caused worry among families as they struggle to afford basic food products. Even though the government raised minimum wage by 7% at the end of December, this doesn’t cover the recent hike in food prices. Half the population of Colombia earn minimum wage of 690,000 pesos or \$217 monthly. The largest expense of a Colombian family is food, which has increased 10% in the last year.

On January 25th the UN Security Council unanimously approved a resolution to monitor the ongoing Colombian peace talks between the FARC and the government. This sends the strongest signal yet that a peace agreement could be reached by the March 23rd deadline. The government’s planning department DNP announced that a cease-fire could boost Colombia’s economy and direct foreign investment and increase potential growth from 4% to 5.9% annually.

Exchange Rate

The Colombia Peso continued to depreciate throughout January 2016. On January 1st the market closed at 3179 Colombia Pesos (COP) per 1 US Dollar (USD). On the January 31 it was 3282 COP per 1 USD. It reached a record high of 3399 COP to USD on 26th before retreating.



Weather

El Niño continues to cause problems for Colombia’s Agricultural industry. In Cudinamarca alone around 1,300 hectares of forest have gone up in flames and national parks have been closed temporarily due to concerns about fires. Colombian meteorologists have warned that the worst

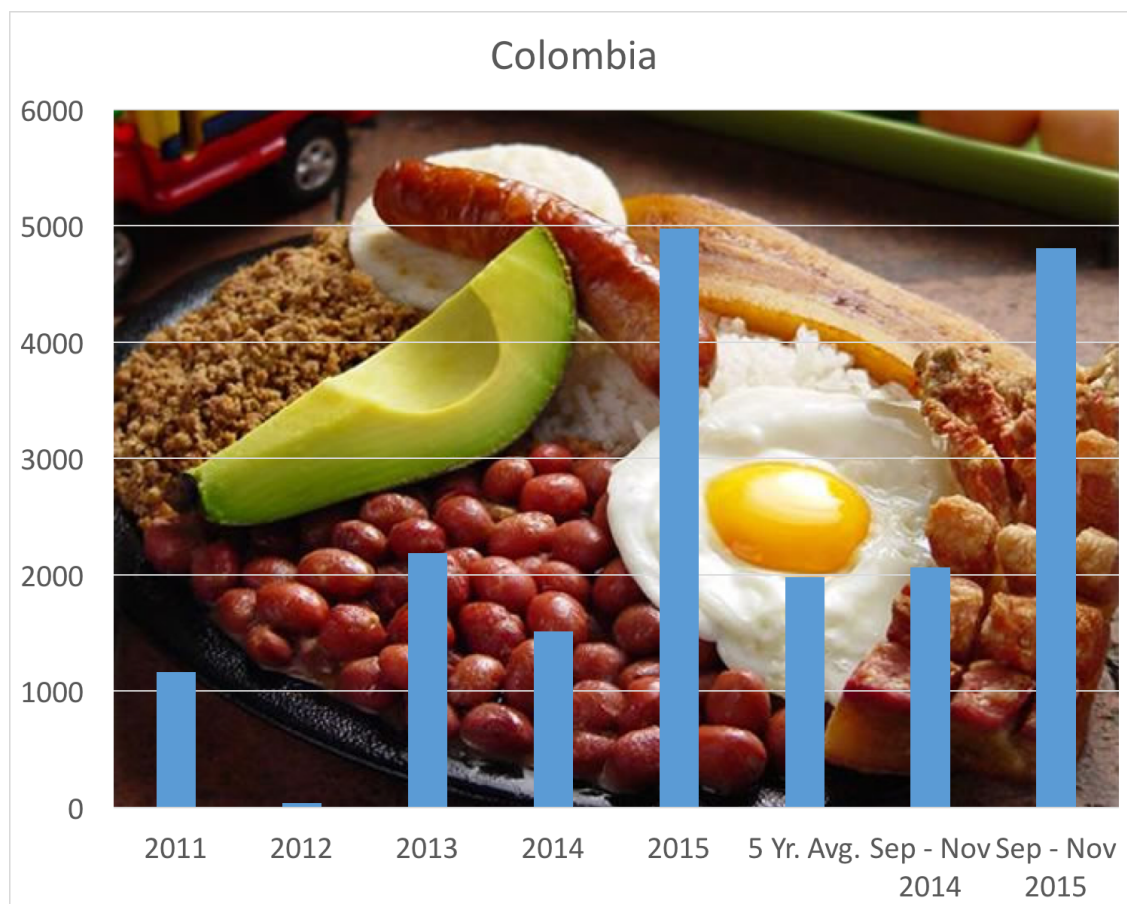
days lie ahead and severe droughts are set to intensify from now until March. 1 in 10 of Colombian municipalities are suffering from water shortages. There is a serious worry for farmers as they are unable to plant seeds for their next harvest.



US Dry Bean Exports to Colombia

The 2014-15 marketing year (Sept. – Aug.) was a record year for commercial exports of U.S. dry beans to Colombia. If export trends of September-November 2015 continue it is likely that U.S. exports to Colombia may reach record levels in just the first 4 months of the marketing year. This is all the more remarkable when one considers the fact that over the past year the Colombian peso has dropped by more than 1/3 in value versus the U.S. dollar.

And the 2015-16 marketing years looks to be even better with U.S. exports almost reaching prior year levels in just the first 3 months.



(Above: In the background - the famous Colombian dish “Bandeja Paisa”)

Promotion and Commercial Sector Update from Medellin

GRANIPAK

Importer Camilo Moreno of Granipak indicated that Colombia is going through an unusual time in the agricultural business. Slow production caused by climate conditions and a devaluated Colombian Peso is going to make this year very challenging. He feels that due to low production they will see the need to import more dry beans than in previous years.

Camilo is currently implementing a program with the local government, which will provide schools with healthy meals. After speaking with nutritionists and receiving the support he needs, he is very hopeful that this project will go ahead and hopes to receive the backing from the government by mid-February / March. He also feels that a good promotion campaign via TV would be beneficial in promoting healthy beans for children as well as the economic benefits. Price is the main factor for sales due to the increased prices in food products in Colombia during the last year.



ABURRA

Dario Alzate said that the American Pinto Bean has not sold as well as hoped during the past months because of the new packaging design. Colombian consumers prefer familiarity, therefore ABURRA have changed the packaging to the original design and believes that this will improve sales. He's not expecting immediate results and understands that this could take time to change eating habits of Colombians. Dario stated that the advantages of the American Pinto (quality, cleanness, price and ease to cook) are appealing attributes of the new product.

Dario said there are lots of Colombian dry beans in harvest now but due to current climate conditions they are unable to plant seeds for the next harvest later in the year. This is a worry, especially with the devaluation of the Colombian Peso making it more challenging to import, even though US prices are relatively low.

ABURRA likes doing business with US exporters because of the guidance and support provided compared to Canadian exporters. This gives them confidence in doing business with US exporters, with the main factors being quality of products, professionalism and punctuality of delivery.



ABURRA have changed the packaging from the new (left) back to the original design (right), which they felt Colombian consumers are more familiar with

Miscellaneous

Parque Explora, Medellin

Parque Explora is an interactive natural science museum in Medellin, which opened in 2008. The museum currently exposes an exhibition called 'Comer' which intends to educate visitors about local food culture in Colombia and around the World. Interactive displays show different recipes, ingredients, nutritional values and the effects on the environment from our consumptions of food. Parque Explora presenting this exhibition shows that there is a need to educate local people about the importance of healthy eating and create awareness about the impact of our food choices on the environment. A section of the exhibition focuses on beans and pulses.



Parque Explora holds weekly cultural conferences with experts in a wide range of subjects in Science & Nature. On the 4th February 2016 Daniel G. Debouck from International Centre of Tropical Agriculture (CIAT) will hold a talk about Dry Beans and how they have become part of the food culture in Antioquia, Colombia.

