foreign trade

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COVER . . . This view of the business district of Medellin, second largest city in the Republic, with over 400 thousand inhabitants, shows the modern architecture and the air of activity that marks most Colombian business centres today. Note the older rococo-style structure on the right.
—Photo by Standard Oil (N.J.)

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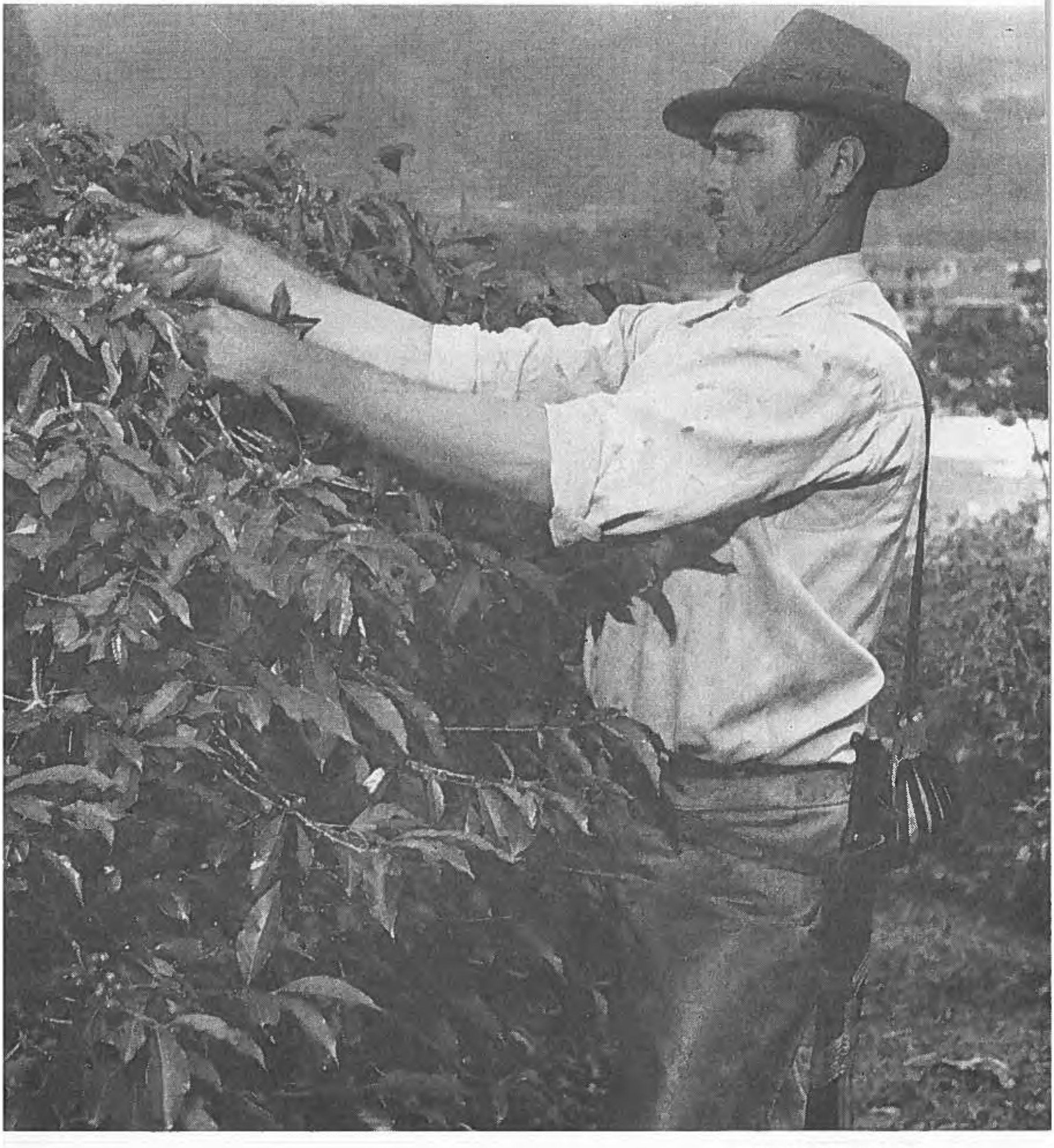
Colombia—

a good dollar market



—W. R. Grace & Co.

Coffee, grown largely by freeholders on small estates, provides some 78 per cent of Colombian exports. Coffee pays for capital goods, many other needed imports, though some goods still remain on the prohibited list.

BOGOTA—"Barranquilla is the front door to Colombia, and behind it lie the steaming jungles and snow-topped mountains, the cities and plantations and empty llanos (plains), the coffee and oil and gold of a country more than twice the size of France." Thus, in one sentence, an outstanding writer succinctly described Colombia and laid her finger on the two main props of the country's economy, coffee and oil. Beside these giants, gold is relatively unimportant.

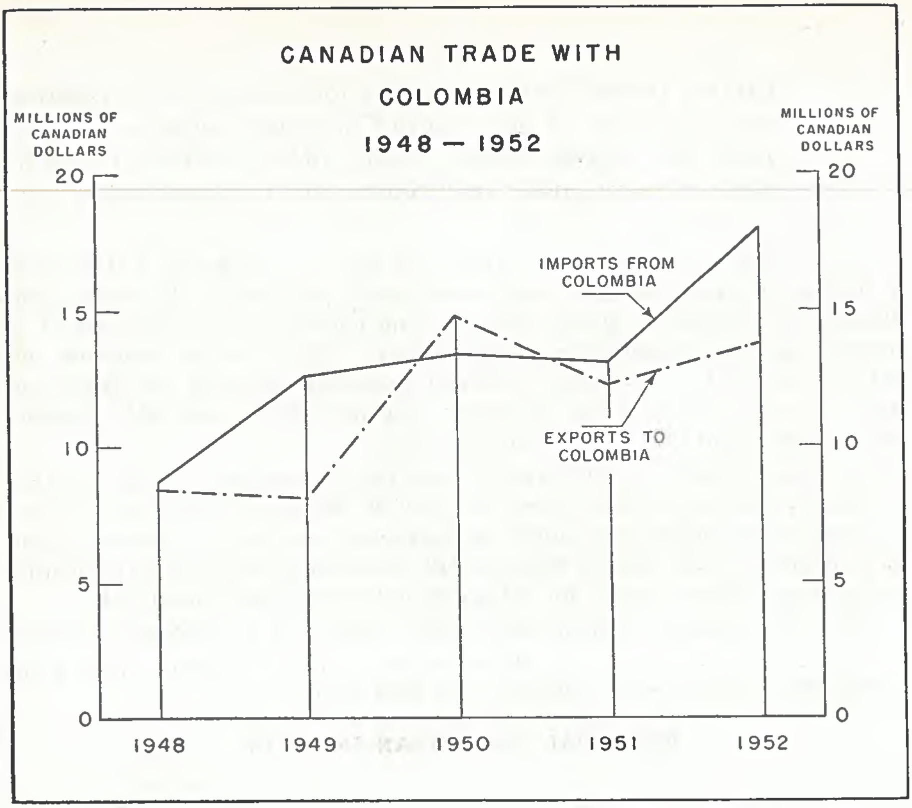
In 1952 exports of coffee and oil together earned $451 million for the national treasury and accounted for over 90 per cent of exports. They have enabled Colombia to build up exchange reserves to a record $200 million so that, even though there is still exchange control, import permits are granted without delay for all goods not on the prohibited list.

To give a better idea of the present pattern of Colombia's imports, the following table is set up to show the main classes of goods entering in considerable quantities during the past two years.

PRINCIPAL COLOMBIAN IMPORTS

Type of Merchandise	Value c.i.f. (in thousands of pesos) 1951	1952
Chemical fertilizers	11,262	9,282
Lubricating oils	6,555	4,834
Cotton in bales	34,620	42,944
Refrigerators	9,514	12,594
Aureomycin and other antibiotics (distinct from penicillin and streptomycin)	2,379	7,232
Auto buses	6,907	1,936
Automobiles and jeeps	7,692	19,846
Auto chassis	3,431	11,064
Trucks and station wagons	36,402	38,143
Bars of steel or iron	10,920	9,816
Cocoa	13,109	14,798
Natural rubber	7,587	5,551
Copra	21,426	17,522
Threads of artificial silk	11,298	3,851
Rubber tires of more than 19 lb.	3,939	6,035
Malt	9,178	7,195
Sewing machines and parts	5,158	7,505
Typewriters	4,139	3,144
Electric motors	3,453	5,310
Internal combustion motors	18,406	24,584
Kraft wrapping paper	6,029	6,401
Newsprint	5,657	7,545
Paraffin	5,404	7,012
Copper sulphate	4,798	5,976
Tractors	12,695	12,837
Electric transformers	3,266	6,956
Wheat	13,456	10,472
Tubes of iron or steel	4,839	6,766
Tiles of all types	474	19,846
Wire cables and ropes	1,260	1,216
Cigarettes	1,508	2,272

The prohibited list grew out of a serious exchange shortage which developed in 1950. In order to stop the continuing drain, a decree of March 20, 1951, declared that several hundred tariff items, covering



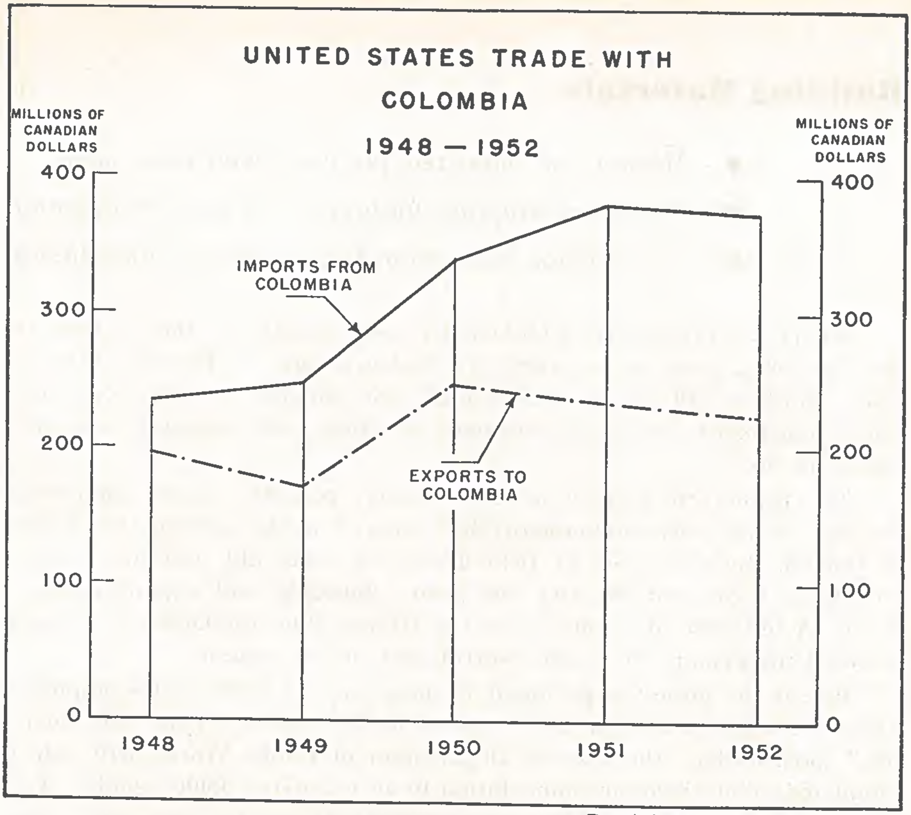
—Dominion Bureau of Statistics.

so-called "luxury goods", would not be allowed entry until further notice. However, the foreign exchange position has so improved in the past 18 months that the Colombian Government has been able to reduce the prohibited list substantially. Many lines of consumer goods still remain on it, including practically all textiles and clothing, soap, matches, untanned hides, leather goods, furniture, carpets, shoes, hats, jewellery, paper cartons, dolls and non-metallic toys.

Nevertheless, the protection afforded by the prohibited list has stimulated domestic industry and led to a relatively heavy influx of American branch plants eager to capitalize on the opportunity. In fact, manufacturing has developed so rapidly that in many types of prohibited goods Colombia is practically self-sufficient.

Strong Market for Capital Goods

This restriction does not mean that Colombia is not a good market for many lines of merchandise. Quite the contrary. It is a relatively prosperous country of 12 million people, with a purchasing power that bought imports in excess of $400 million in 1952, of which $229 million worth (55 per cent) were supplied by the United States and $13·7 million (3·4 per cent) by Canada. The merchandise thus imported contained a heavy percentage of capital goods—machinery, machine tools and factory supplies—raw materials for domestic industry and such consumer goods as may still enter.



—Dominion Bureau of Statistics.

Colombia's continued ability to import in such volume is, of course, contingent on the coffee market and on continued good crops. With Brazilian coffee plantations suffering from frost damage, the 1953 prospects for Colombia are excellent. This year's production promises to be a half-million sacks greater than last year's. Present coffee prices show no signs of decreasing and the Office of the Exchange Control is able to forecast a $40 million surplus on balance of payments, double that of 1952. Such a lucrative market is now the target for salesmen from both Europe and America, who are constantly to be seen in Colombian cities.

Colombia is definitely a buyer's market and prefers American-type merchandise. None the less, shop windows exhibit European brands in profusion and these nations are making a strong bid for the market, offering long credits and cheap prices. Letters of credit terms have been abandoned in all but bulk purchases such as wheat, and drafts payable 30, 60, or 90 days after sight are standard practice.

In 1952 Canada enjoyed only a small portion of this Colombian trade and there is unlimited room for expansion, provided Canadian exporters are prepared to make a concerted effort to meet foreign competition in service, quality, prices, and credit terms. The pages that follow review in some detail the sales possibilities for a wide range of goods produced in Canada and in good demand in Colombia.

—WILEY J. MILLYARD
Commercial Secretary for Canada

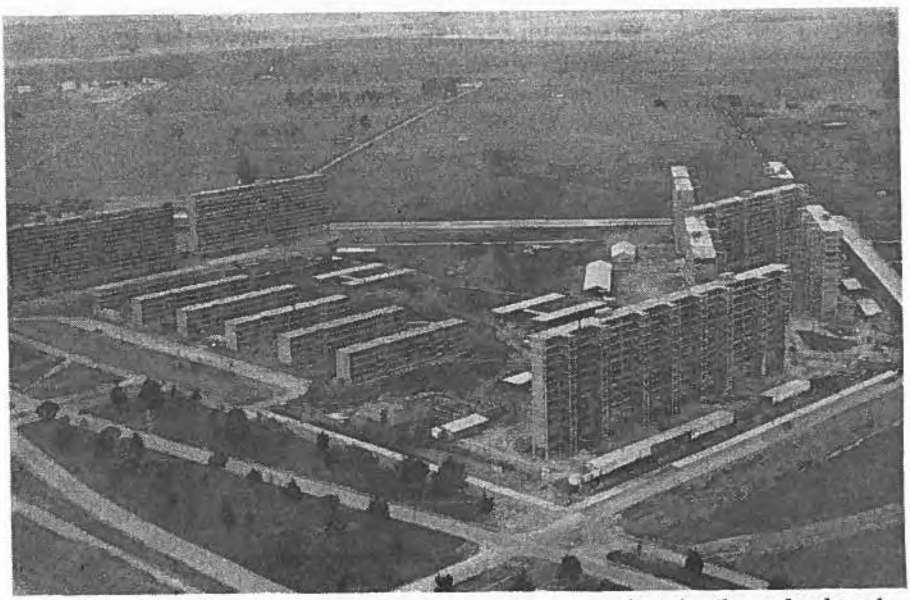
Building Materials

- *Market for imported plywood continues good.*
- *Plumbing supplies, builders' hardware in demand.*
- *Competition keen from U.S., Germany and Japan.*

MOST VISITORS TO COLOMBIA seem struck by the number of new buildings going up in every city, and especially in Bogotá. Modern office buildings 10 to 15 stories high are popular but duplexes and smart apartment houses, government buildings and hospitals are also springing up.

The general prosperity of the country, plus the rapid population increase in the cities, undoubtedly has spurred on the construction boom. In Bogotá, the civil riots of 1948 destroyed many old buildings in the downtown areas and the city has been rebuilding and expanding ever since. A ten year plan, similar to the Greber Plan for Ottawa, is being initiated to revamp the whole central part of the capital.

By far the largest experiment in mass housing is the half-completed Antonio Narino project on the outskirts of the capital. This "apartment city" sponsored by the Federal Department of Public Works will, when completed, offer cheap accommodation to an estimated 5,000 people. The Instituto de Credito Territorial, a semi-official organization, has been given the task of erecting 8,000 to 10,000 cheap houses, to cost less than $8,000



Photograph shows the Antonio Narino housing project in the suburbs of Bogotá, now nearing completion. It is designed for low-income families and will accommodate about 5,000 people in its many apartments.

each, for low-income families in various parts of the country. Twenty-year term bonds bearing 7 per cent interest are being sold to raise the capital and the tenants have twenty years to repay the mortgages.

Some Building Materials Imported

Most buildings in Colombia are constructed of reinforced concrete pillars with walls of brick covered with cement and all these materials are available from local industry. There is also a flourishing asbestos tile and wallboard industry using Canadian asbestos and producing enough to supply the market. However, plywood is popular for doors and walls and local production falls considerably short of demand. The quality is not as good as many foreign plywoods, and this has meant a brisk market for imported brands—a demand on which the Scandinavians have been capitalizing. Canadian mills have so far made little progress in this market because of high prices, but the opportunity is certainly there.

Some construction materials are not made in Colombia and must be imported. They include bathroom fixtures and plumbing supplies, builders' hardware (especially locks and hinges) and electrical wiring supplies, fixtures and appliances. Competition from Japan and Germany is keen in plumbing lines but the United States still dominates the market.

—*W.J.M.*

Canned Foods

- *Most canned fruits, vegetables, jams, denied entry.*
- *Commissaries of armed forces may buy these abroad.*
- *Canned meats and fish removed from prohibited list.*

THE FOOD PROCESSING INDUSTRY is in its infancy in Colombia and frozen foods (except fish) are unknown. There is one good-sized jam-marmalade plant in Cali which also preserves certain varieties of fruits and vegetables and sells its products throughout the country.

Although the import restrictions have been somewhat relaxed, most foreign canned fruits and vegetables, fruit juices, jams and marmalades are still on the prohibited list. Those specifically permitted entry include only canned mushrooms; stuffed olives in barrels; fruits preserved in alcohol; candied fruits; unsweetened fruit juices, natural or concentrated, with alcohol added; and unsweetened fruit juice concentrates from non-tropical countries packed in containers not designed for retail sale.

The commissaries of the Armed Forces, however, are not affected by the import restrictions and their purchases of canned fruits and vegetables from abroad are extremely large.

Canned meats and fish (also dried fish) are now off the prohibited list and are being imported in large quantities. However, there is a much larger market for canned and dried fish than for canned meats, partly because fish is eaten on holy days and also because Colombia is a meat-producing country, with fresh meats available at moderate prices. There are no meat packing plants in the country, but a small cannery in Santa

Marta on the Caribbean coast puts up a good quality pack of several kinds of fish, including herring. Canned salmon and sardines are extremely popular and are imported in large volume. Canadian brands are again in evidence and imports from Canada amounted to $62,660 in the first six months of 1953. Alaska salmon and Portuguese, Norwegian and Swedish sardines are to be seen in quantity and appear to command a larger share of the market than the brands from Canada.

Canned Foods Are Luxuries

Imported canned foods of all kinds are expensive and consequently only the more wealthy can afford them. Aside from high mark-ups there are two reasons for this:

- Imports of canned meats, fish, vegetables, etc., must be paid for with dollars purchased at the free rate of exchange, which ranges from 30 to 50 per cent above the official rate;

- Duties are very high; canned vegetables are subject to tariffs of Ps.$2.00 per kilogram, plus 25 per cent ad valorem. This means that, if there are several grades of any foodstuff available from abroad, the demand will be for the cheaper ones. One illustration of this is Canadian salmon: some 180,400 pounds of Pink but only 1,500 pounds of Sockeye were imported from January to June of this year.

—*W.J.M.*

Chemical Fertilizers

- *Some 15 per cent of farms now use chemical fertilizers.*
- *Most imports are made through government agency.*
- *Fertilizer materials brought in for mixing in country.*

ACCORDING TO PRELIMINARY 1952 STATISTICS, Colombia imported chemical fertilizers to the value of 9,282,737 pesos, or approximately $3·7 million, of which Canada supplied $335,888 worth. In recent years government agencies have made intensive efforts to promote the use of fertilizers and it is estimated that 15 per cent of the farming population now employ them to expand production.

The fertilizer business is largely in the hands of the Agricultural Bank (Caja de Crédito Agrario, Industrial y Minero) which maintains mixing plants in three centres and a bonemeal plant in Bogotá. There is also some commercial production of such organic fertilizer materials as cottonseed meal, castor bean meal and blood from slaughterhouses. A firm in Medellín produces about 15 tons a day of superphosphates, using imported phosphate rock and local sulphur.

A recent soil survey indicated that over great areas Colombian soils are deficient in nitrogen, phosphorous and potash, and that large imports plus expanded domestic production were needed to rectify the situation. Following on this survey, plans were prepared for a synthetic ammonium

—Standard Oil Co. (N.J.)

These Colombian rice fields show the value of chemical fertilizers, which are becoming widely accepted. The soil lacks vital elements and authorities are encouraging use of fertilizers to increase crops.

plant at Barrancabermeja on the Magdalena River, using natural gas to turn out ammonia and nitrogenous fertilizers. With the completion of the Paz de Rio steel plant at Belencito some time in 1954, large tonnages of ammonium sulphate and phosphoric slag will become available. The lime plant at Belencito is expected to produce about 40,000 tons a year for agricultural purposes.

Imports Are Rising

Imports have in the past and will in the future play an important part in meeting Colombia's fertilizer needs. Most of the imports are routed through the Caja Crédito which brings in fertilizer on its own account for distribution. The following figures show overall imports and those of the Caja for the same years. The discrepancy in the figures for 1950 may be explained by the fact that the government figures are approximate and those of the Caja are "paid for" imports:

Chemical Fertilizers

	Total Colombian Imports	Imports Caja Crédito Agrario
1948	12,500 tons	11,164
1949	20,700 "	12,768
1950	16,000 "	17,439
1951	56,200 "	28,449

The Caja estimates import requirements for subsequent years as follows:

1952	32,125 tons
1953	38,000 "
1954	45,000 "

The increased use of fertilizer reflects the fact that larger tonnages are becoming available and also that the Caja is growing interested in a wider range of Colombian crop production.

In recent years the tendency has been for Colombia to increase imports of fertilizer materials for mixing in the country rather than bring in the prepared fertilizer. Purchases are made largely from the United States, but also from Europe, where fertilizers such as potassium chloride are obtained in quantity. Direct import of fertilizers proves expensive, however, because of heavy internal transport costs in Colombia.

—J. E. LANCASTER
Assistant Commercial Secretary for Canada

Dairy Equipment, Cattle

- *Some demand for 750 c.c. milk bottles, paper caps.*
- *Good Holstein stock imported from Canada, the U.S.*
- *Government may finance import of dairy cattle.*

THE DAIRY INDUSTRY is one of the newest in Colombia and is still expanding. Bogotá Pasteurizadora San Luis, founded twenty years ago, is the largest dairy, with a daily production of 300 thousand bottles. The other eight modern ones have all been established in the last eight years. Two more are under construction, one in Cali and one in Bogotá, and when they begin operating, the combined daily production of all dairies may reach 2·5 billion bottles. The 1951 figure was 2·29 billion bottles of 750 c.c. each. There are still no codes which lay down standards and butterfat content varies widely. However, there is an active Association of Milk Producers and agitation for a dairy code is gathering momentum.

Most of the equipment has been brought in from the United States, although France, Germany and Britain have all shared in the business. Neither the bottles nor paper caps are produced in Colombia but come from the United States. The bottles most widely used are the 750 c.c. size and a large glass factory being erected in Bogotá expects to be producing them within two years.

Market for Holsteins

Colombia is well suited to dairy farming and has some fine pasture lands, particularly in the highlands near Bogotá and the rich valleys in the region of Cali and Medellín. The majority of the milch cows are a black and white variety known as "Criollas", which have been in the country for centuries. There are no reliable statistics but a reasonable estimate would be 1½ million cows. They are a hardy breed but their milk production is low—on an average no more than three pounds a day. In an effort to boost production, good Holstein stock has been imported from Canada and the United States and next to Criollas, Holsteins are the most numerous. Normandy, Brown Swiss and Red Poll follow in that order.

All four breeds might total half a million head. There is an active Holstein Association with headquarters in Bogotá. It publishes a first-class journal several times a year, carrying articles of interest to breeders reproduced in Spanish from American and Canadian publications.

Cattle for Small Farms

Several large dairy cattle fairs are held in various cities each year and the judging is usually done by an expert from the United States recommended by the American Holstein Association, which has close ties with the Colombian Association. A Canadian judge has never officiated though some of the finest stock is of Canadian origin. The high quality of Canadian Holsteins is well known to Colombian breeders, several of whom will be attending the fall shows in Canada this year. The huge government-sponsored "Caja Agraria" (the wealthy technical organization designed to assist agriculture throughout the country) is reported to be investigating the possibilities of financing the import of good dairy cattle for qualified farmers. Canadian exporters interested in such business may obtain particulars from the Commercial Section of the Embassy in Bogotá.

—*W.J.M.*

Heavy Electrical Equipment, Household Appliances

- *Projects under way for increasing power output.*
- *All equipment for power plants must be imported.*
- *Market for household appliances is growing.*

WITH THE EXCEPTION OF THE PAZ DE RIO STEEL PLANT now in process of construction, a few machine shops, railway and airplane repair and service depots, Colombia has no notable heavy industry or engineering production. All electrical gear to build and service electric power facilities, and allied lines including electric cable and wire, have to be imported. Even in the field of household appliances, assembly operations of foreign manufacturers have not developed to the same extent as in certain other Latin American countries. Import figures attached to the end of this report give some indication of the reliance on imports to meet market needs and demonstrate the pre-eminence of the United States as a supplier.

Reasons for the relative non-development of a domestic electric industry include the lack of skilled labour around which to organize branch plant operations, the highly technical nature of these operations, the fact that sub-assembly parts cannot be obtained from local sources, and the ease of obtaining all types of electrical products from abroad at competitive prices. The slow development of primary electric power production, mainly because of inadequate domestic financial resources, and the relatively limited market for household appliances because of the low purchasing power of a large percentage of the population have also been important factors.

Relieving Power Shortages

The supply of electric power has not kept pace with the growing economy and particularly with the expansion of secondary industry. This is true of the rural areas as well as of the bustling industrial centres. The National Government has tried to come to grips with the problem and has formulated a series of plans to provide a working solution. One of the steps taken was the setting-up of the National Institute of Water Utilization and Electrical Development (Instituto de Aprovechamiento de Aguas y Fomento Electrico), to co-ordinate the work of municipal, departmental and national governments in financing the construction of several large power projects. Another national body, the Instituto de Fomento Municipal, was formed to carry out similar work, usually in conjunction with municipal authorities and on smaller individual projects. Some private firms have constructed plants to supply electric power but financial returns are generally too low to encourage further expansion in this way, even though the Government wants to see private capital directed to this vital operation.

According to 1950 United Nations' figures, electric power output for Colombia, compared with certain other nations, was:

	Total Generation kw.	Per Capita kwh. (approximate)
Canada	50,902 million	3,900
Colombia	705 "	64
Chile	3,000 "	500
Mexico	4,423 "	200

Total Colombian generating capacity was officially estimated at 376 thousand kw. in 1952, of which 326 thousand kw. were installed in public service plants and 50,000 in private industrial plants.

Plans under discussion or finalized foresee the addition of approximately 400 thousand kw. capacity, including a number of large plants to serve the industrial cities and small diesel, hydro, and thermal units to meet the needs of the countryside. Many of these small units are being constructed under the auspices of the Instituto de Fomento Municipal.

It is obvious that there is scope for Canadian supplies and engineering firms to participate in the building of power plants in Colombia. Interested firms should get in touch with the two semi-official bodies mentioned earlier and with private firms such as the Compañia Colombiana de Electricidad (U.S. interests), servicing cities and towns on both the Atlantic and Pacific Coasts and part of the Magdalena Valley. Other potential purchasers are the municipally-owned power companies in Bogotá, Medellín and Cali—the Empresas Municipales de Energía Eléctrica de Bogotá, the Empresa de Energía Eléctrica de Medellín and the Empresa de Energía Eléctrica de Cali.

Household Appliances

With the growth of electric power facilities, the expansion of the urban population and the spreading of purchasing power to the masses, the demand for electric household appliances has climbed year by year. The market is currently well served through outlets of leading U.S. and European firms and competition is brisk. The well-to-do group demands the most modern equipment, preferring, for example, automatic clothes washers to the standard electric type. The lower income groups find appliances like this beyond their reach, but buy cheap radios, hot plates and electric irons readily. In the cities of the tropical and sub-tropical belts, there is an increasing demand for air-conditioning and allied types of equipment.

The following table sets out imports into Colombia of various types of electrical equipment:

Imports into Colombia

(in U.S. dollars)

Article		From U.S.	From Other Countries
Heavy equipment (electrical)	1951	2,823,610	1,789,150
	1952	4,575,006	2,660,000
Refrigerators, ranges, washing machines	1951	3,177,000	1,250,000
	1952	3,880,756	447,000
Radio receivers and tubes	1951	874,923	263,103
	1952	1,223,072	431,000
Radio transmitters and accessories	1951	320,000	9,500
	1952	1,000,000	10,000
Small household appliances	1951	595,000	227,000
	1952	725,000	230,000
X-ray equipment	1951	475,000	40,000
	1952	510,000	50,000
Miscellaneous	(Installation materials, wire and cable, lamp bulbs, etc.) This group amounts to several million each year and is divided approximately equally between the U.S. and other countries.		

—*J.E.L.*

Industrial Chemicals

- *Many basic chemicals now produced in Colombia.*
- *Foreign firms still supply a wide range of chemicals.*
- *Some insecticides and allied lines imported.*

COLOMBIA has made significant strides during the last few years in building up local production to meet its basic chemicals needs. Enough sulphuric acid is now produced to more than meet home demand. In addition, an up-to-date plant at Betania, using the tremendous salt deposits at Zipaquirá, north of Bogotá, is turning out large quantities of caustic soda, chlorine, soda ash, etc. Although private capital has been attracted to the chemical field, frequently government financing and encouragement, either directly or through the Industrial Development Institute, has been the main factor in building modern plants and initiating production.

An ever-increasing list of chemicals and chemical products is being turned out by local industry to meet domestic demand. Some of the more important are:

Sulphur—A firm located near Cali and using modern mining and plant equipment is turning out enough sulphur to meet national requirements. However, high-grade refined sulphur is still imported.

Sulphuric Acid—Two plants turn out this basic industrial chemical in sufficient quantity to more than meet local needs. The Industrial Development Institute has pushed one of these developments.

Carbon Disulphide—It is also produced by one of these firms.

Alkalis—A firm in Bogotá, and the government-owned plant at Betania, are responsible for the country's output of chlorine, caustic soda, ferric chloride and soda ash. The Betania plant should be able to meet all requirements for soda ash plus a large percentage of domestic caustic soda needs.

Glycerin—Although this is often a by-product of soap manufacture, two or three plants specializing in glycerin production are projected or under construction. However, pure-grade glycerin is still imported, largely for the pharmaceutical industry.

Small quantities of acetic acid, methanol, acetone and wood tar are produced, and a limited amount of organic chemicals. When the coke plant of the Paz de Rio steel company commences operations some time in 1954, the list of products should lengthen.

Imports Still Needed

In spite of these developments, Colombia continues to rely heavily on outside suppliers for a wide range of chemicals. As population and secondary industry grow, this dependence on outside sources for a sizable number of chemical items should continue. Although in some lines local production is sufficient to meet the demands of Colombian industry, for technical reasons domestic producers still look to the international market. The rayon, rubber tire and pharmaceutical industries are cases in point. A study of the market demand in Colombia demonstrates that, if Canadian chemical firms' products are competitive with those of Europe and the United States, they should find a ready market in Colombia.

Insecticides, Fungicides, Pesticides

There is some local production of these items, using raw materials from domestic sources—such as sulphur dust, rotenone powder, pyrethrum and petroleum products, as well as sulphur derivatives. Nevertheless imports of insecticides and allied lines such as D.D.T. and B.H.C., to combat malaria and to act as pest controls particularly in the tropical and sub-tropical areas, remain substantial. Copper sulphate is imported from Canada as well as other countries to control diseases native to the banana zones.

—*J.E.L.*

Colombia has been mining emeralds for centuries and still remains the most important source of the deep green stones. Today the Banco de la Republica works the two mines—at Muzo and Coscuez, both in the Department of Boyaca—in the national interest. The mines produce both the emerald proper and the "morralla" or "small fry", but no figures on output are published.

Leather and Leather Products

- *Calfskins, other lightweight leathers imported.*
- *Leather transmission belting, hat bands, in demand.*
- *Imports of leather footwear still prohibited.*

ABOUT ONE-QUARTER of the land area of Colombia is grazing land and cattle have been a major source of income since early colonial times. Hides have long been an important export. However, the growing requirements of the domestic tanning industry have steadily reduced the volume of hides for export and in certain cases there is a ready market for the imported article.

The local tanning industry processes cattle, sheep, goat and calf skins, as well as small quantities of horse, pig, deer and reptile skins, and thus absorbs almost 75 per cent of the hide and skin production of the country. It produces the basic material for footwear, saddlery, belting, bags, harness and furniture and turns out most of the types of leather in demand, including chrome-tanned upper side leather, glacé kid and chrome-tanned sheepskins.

Certain Types Imported

The Colombian leather industry has continued to rely on foreign suppliers for soft, lightweight leathers, particularly calfskins. However, consumption of imported box calf during the last two years has tended to decline in favour of domestic leathers. Government restrictions and certain other factors, including market demand, have played their part in this development. Nevertheless, there continues to be a market for the high-grade imported skins.

Imports of calfskins and other lightweight leathers during recent years have been as follows:

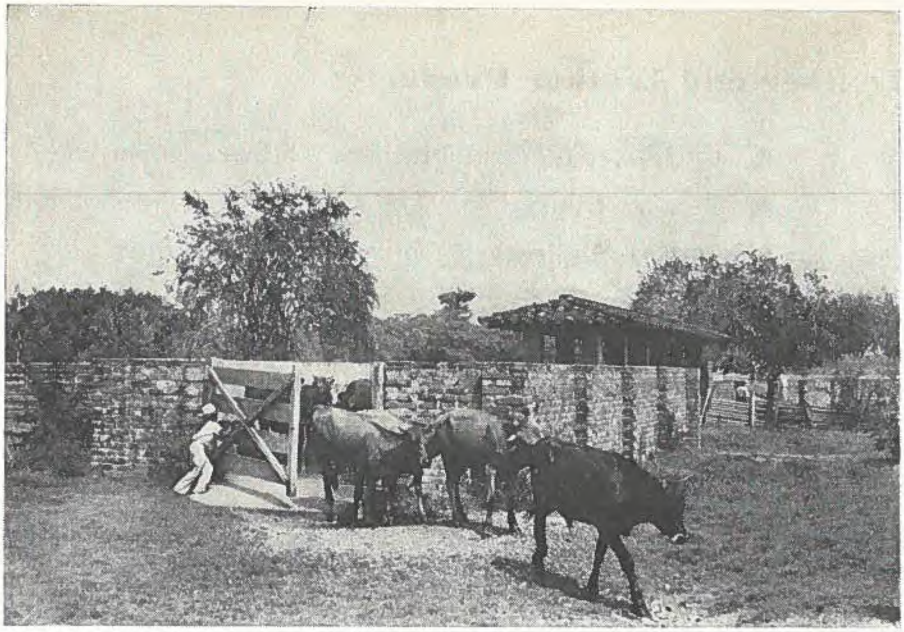
	Calfskin	Other lightweight leather
	(in square feet)	
1948	307,949	226,104
1949	283,178	281,474
1950	306,389	899,318

The relatively heavy imports in 1950 may be attributed to relaxed government restrictions at that time.

Although Colombia must import most of the chemicals required for the tanning industry, with the exception of sulphuric acid, all the vegetable tanning extracts except quebracho are produced locally.

Footwear Imports Prohibited

The most important of the leather industries is the making of shoes. To protect the local industry and the producers of most other leather products, the Colombian Government prohibits the entry of competitive foreign goods. The production of footwear is generally carried on in small shops and over 80 per cent of the country's output is produced on



—Standard Oil Co. (N.J.)

Stock leaving the cattle dip on a typical Colombian hacienda near Buga. Cattle-raising has been carried on since colonial times and hides were once an important export. Today, the domestic market absorbs them.

a handicraft basis. However, there are a handful of large firms producing more than 100 thousand pairs of shoes a year. These are found in the larger centres, such as Bogotá, Medellín, Manizalas and Cali. Production in 1950 was over three million pairs.

Consumption of leather footwear is limited by the low purchasing power of the mass of the people, a large percentage of whom go barefoot. However, with the rise of urban population and the steady increase in standards of living, the demand for leather footwear should grow steadily. In the rural areas, sandals made with canvas uppers and a locally-produced hemp-like material known as fique for the sole are worn. Recently, locally produced tennis shoes of canvas and rubber have become popular with the expansion of the domestic rubber industry, especially in the Cali area.

In most other leather products, with the exception of transmission belting and leather for hat bands, local production is sufficient to meet the demand. However, should the Government revise its prohibited list downward to any extent, a small market might spring up for better quality pocket books, purses, cigarette cases, gloves, etc.

—*J.E.L.*

Aviation in Colombia has played an important part in overcoming isolation and physical barriers, as it did in the Canadian North. Colombia claims to be the first country in the Americas to establish a regular air service, back in 1919. Today, the country boasts an extensive airways network, with nine private companies operating in 1951. Five of these carried 97 per cent of the total passengers and freight.

Newsprint and Paper

- *All newsprint imported; Canada is major supplier.*
- *Boxboard and kraft needed for carton and bag making.*

FROM IMPORT STATISTICS it would appear that approximately three out of every five newspapers in Colombia are printed on Canadian newsprint. The four leading cities together publish about a dozen dailies and all the lesser cities have at least one. Colombians pride themselves on their culture and both dailies and periodicals have an avid and critical public. There are no newsprint mills in Colombia nor do any seem likely in the near future. All newsprint is imported and Canada has for many years been a major supplier.

The following table gives a more specific picture of newsprint consumption:

	Total Imports		Imports from Canada	
Years	Long Tons	U.S. Dollars	Long Tons	Canadian Dollars
1951	14,307	2,263,000	11,090	1,539,000
1952	16,868	3,018,000	11,156	1,606,000

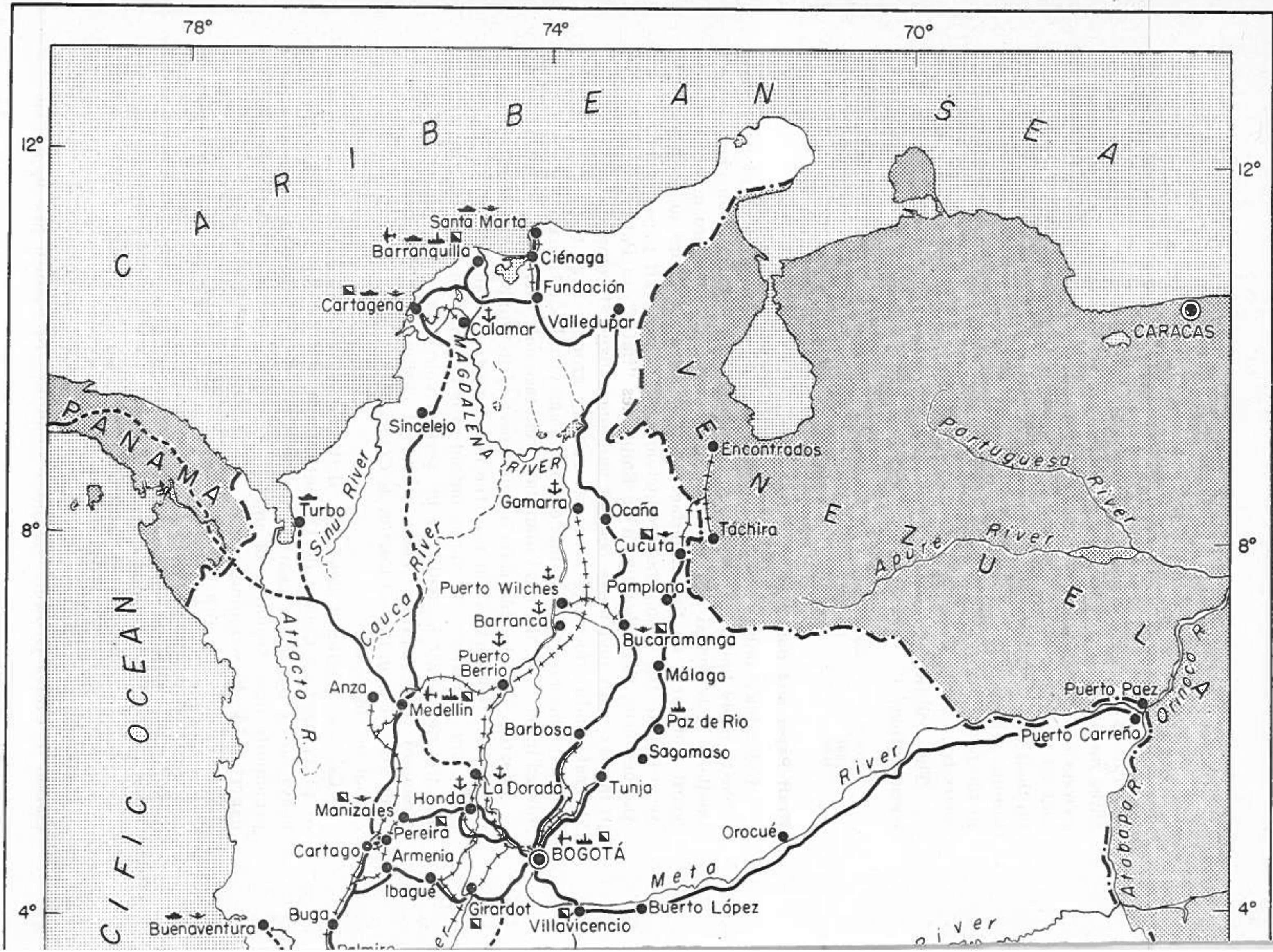
Kraft Paper and Boxboard

Colombia's only kraft paper mill is situated near Cali and has a capacity of 40 tons a day, although its present production is considerably smaller. It is owned by Carton de Colombia S.A., who also make boxboard and carry on the manufacture of heavy paper bags and cartons. According to the trade, the production costs of its kraft paper are high. Another firm, Cía Colombiana de Empaques "Bates", in Palmira, is able to import kraft and make cement and sugar bags at competitive prices. Several smaller factories produce ordinary grocery bags from imported kraft and because foreign-made paper bags of all kinds are on the prohibited import list, the local manufacturers face only domestic competition.

Carton de Colombia sells a small part of its boxboard production to independent converters but uses the major portion to make cartons in its own plant. However, its carton output falls far short of national demand and the deficiency is made up by several converters who import what boxboard they require. Their combined carton production is reported to be greater than that of Carton de Colombia S.A. Foreign-made cartons cannot be imported.

Canada supplies a good part of the pulp (1,150 tons in the first half of 1953) used by Carton de Colombia in its milling operations, but the heavy kraft paper for cement and sugar bags and the boxboard come principally from Scandinavia and the United States. However, Canadian exports of kraft wrapping paper suitable for making the lighter grocery bags are increasing; rose from 700 tons in 1951 to 1,850 tons in 1952.

Except for kraft, Colombia produces no paper and must import all of it. The market is a difficult one and Canadian brands meet stiff competition from the United States, Sweden and Finland. Compensation trade agreements amounting to $7 million are in effect with Sweden and Finland and these involve the balancing of exports of Colombian coffee against imports of paper and other products. In fact, the National Association of Coffee Growers has large quantities of Finnish fine paper on


78°
74°
70°
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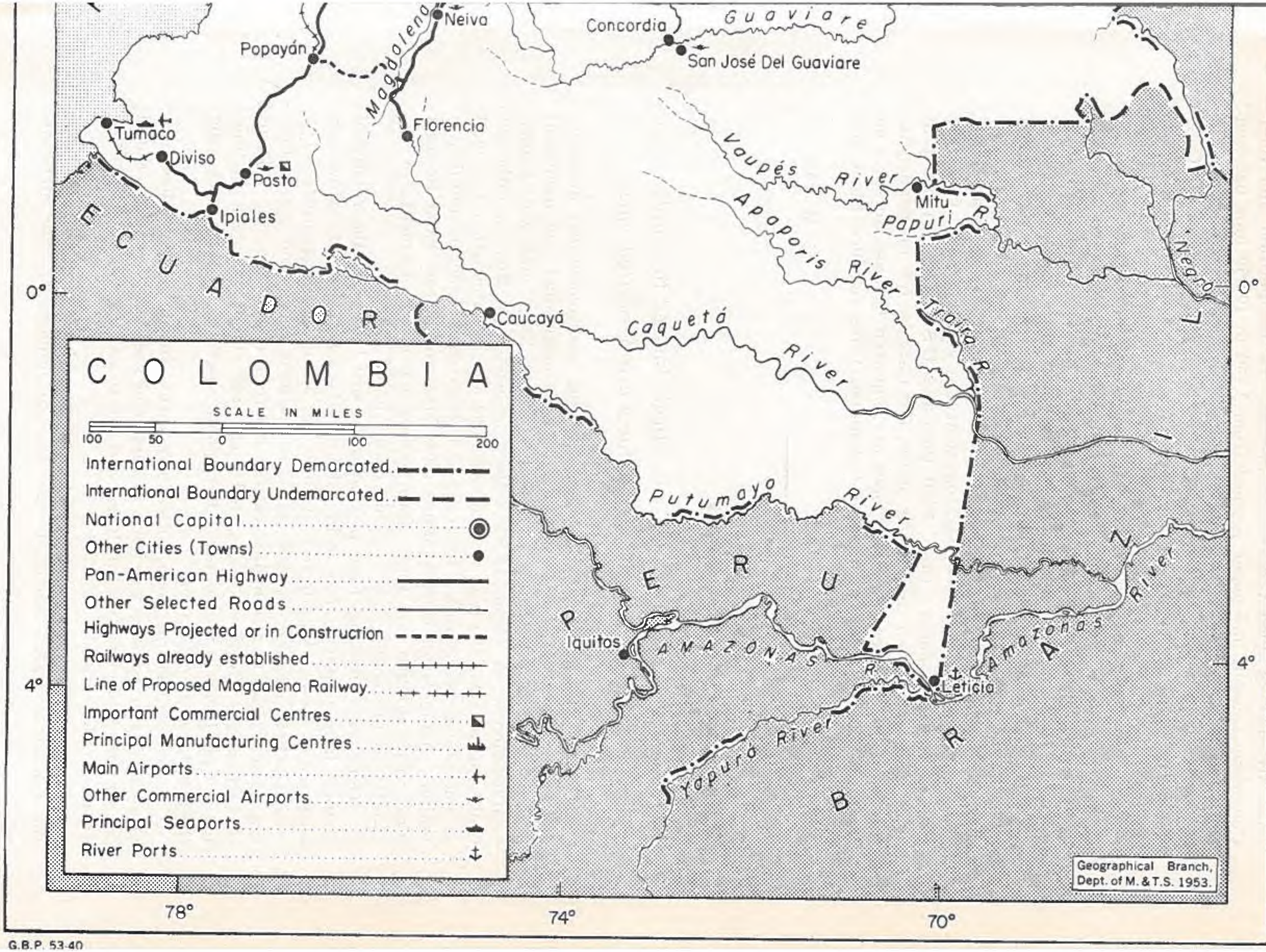
8°
4°
C A R I B B E A N   S E A
PANAMA
CIFIC OCEAN
V E N E Z U E L A
CARACAS
Santa Marta
Barranquilla
Ciénaga
Fundación
Cartagena
Calamar
Valledupar
MAGDALENA RIVER
Sincelejo
Encontrados
Portuguesa River
Apure River
Turbo
Sinu River
Gamarra
Ocaña
Cucuta
Táchira
Cauca River
Puerto Wilches
Pamplona
Barranca
Bucaramanga
Atracto R.
Puerto Berrio
Málaga
Anza
Medellin
Puerto Paez
Orinoco R.
Paz de Rio
Barbosa
Sagamaso
Puerto Carreño
River
Tunja
La Dorada
Honda
Manizales
Pereira
Orocué
Cartago
Armenia
BOGOTÁ
Meta
Ibagué
Atabapo R.
Buga
Girardot
Buerto López
Villavicencio
Buenaventura
River


COLOMBIA
SCALE IN MILES
100 50 0 100 200
International Boundary Demarcated
International Boundary Undemarcated
National Capital
Other Cities (Towns)
Pan-American Highway
Other Selected Roads
Highways Projected or in Construction
Railways already established
Line of Proposed Magdalena Railway
Important Commercial Centres
Principal Manufacturing Centres
Main Airports
Other Commercial Airports
Principal Seaports
River Ports
Neiva
Concordia
Guaviare
San José Del Guaviare
Popayán
Magdalena
Florencia
Tumaco
Diviso
Pasto
Ipiales
Vaupés River
Mitu
Papuri R
Apaporis River
Negro
Traira R
Caucayá
Caquetá River
Putumayo River
ECUADOR
PERU
BRAZIL
Iquitos
AMAZONAS R
Amazonas River
Leticia
Yapurá River
0°
4°
78°
74°
70°
Geographical Branch, Dept. of M. & T.S. 1953.

G.B.P. 53-40

hand on which it is offering attractive terms. None the less, Canadian mills are making good progress in meeting the competition and their Colombian sales of fine paper jumped from 2,750 to 10,950 tons between 1951 and 1952. However, fine paper imports were abnormally large in the second half of 1952 because of the attractive prices at the time. Consequently, there are still heavy stocks on hand, especially in the Bogotá region, and Canadian exports declined noticeably in the first half of 1953 —1,630 tons compared with 4,085 tons July-December 1952.

In the toilet and tissue trade, Canada has made a poor showing against American brands which dominate the market. Canadian shipments in 1952 totalled only three tons compared with American sales of 436 tons valued at $137,897. This is one area where a more determined effort might well show results. From 1951 to 1952, Canadian wallpaper dropped sharply from 462,973 to 103,561 rolls, but 1951 was an abnormal year and the 1952 figures better represent the yearly trade. Over 700 tons of cigarette papers (app. $450 thousand U.S.) were imported in 1952, principally from the United States, but Canada did not participate in any of this business. No envelopes are imported because they are on the prohibited list. A number of Colombian firms produce them and local competition is keen.

—*W.J.M.*

Pharmaceuticals, Soap

- *Locally-made pharmaceuticals limited to simpler lines.*
- *Certain specialized products are permitted entry.*

COLOMBIA has a sizable and expanding pharmaceutical industry. A large number of laboratories turn out pharmaceutical and medicinal preparations and the cities frequently contain large and well-known establishments. A Canadian subsidiary is located in Bogotá, although Cali, situated near the port of Buenaventura and on international as well as domestic airline routes, is favoured as a centre for production and distribution. Some large United States and European houses have licensed local firms to turn out their lines; others have establishments in the country or are engaged in building plants here.

Generally speaking, local production is still limited to the relatively simpler lines requiring less technical know-how and control. However, all types of tablets, liquids and mixtures are turned out in quantity. The local market's needs for a wide range of pharmaceutical products, including toilet articles and cosmetics, can be met from domestic output. Tariff protection has effectively stimulated this development and even in lines not yet produced in the country, it frequently pays to consider packaging the article here in Colombia.

A large government-controlled firm turns out animal remedies such as anthrax and blackleg vaccines. Serums and vaccines are also produced by a number of private laboratories and the substantial output of animal dips meets local needs.

In spite of the heavy import duties on many lines of pharmaceuticals, the Colombian tariff relents in the case of imports of raw materials required for the domestic industry or certain specialized lines of drugs and other pharmaceutical products not yet produced in Colombia. Antibiotics and steroid hormones are examples of the latter. However, before an article can be imported or even produced in Colombia a relatively costly and complicated registration procedure must be followed for each product to be marketed. For further details, exporters should get in touch with the Commercial Section of the Canadian Embassy in Bogotá.

Soap Making

Although soap is not strictly a pharmaceutical, soap-making is one of the oldest of the manufacturing industries in Colombia. Output has risen substantially and several modern plants have been built.

Laundry soap, derived principally from beef tallow, constitutes over 90 per cent of the output and some toilet soap is also produced. Soap for the textile industry, special granulated soaps and other types are turned out. Liquid detergents are produced in small quantities.

The soap industry, although it is designed to cater to local requirements, is forced to draw on foreign supplies for much of its materials. Between 3,000 and 4,000 tons of beef tallow are imported each year, plus 7,000 tons of rosin. Coconut oil is brought in principally from the United States, and caustic soda comes from the government alkali plant at Betania. Essences and certain essential oils generally are bought outside the country.

—J.E.L.

Steel Mill, Railway Equipment

- *Wide range of equipment needed for new steel mill.*
- *Railroad project opens up sales possibilities.*

THE TWO LARGEST ENGINEERING PROJECTS in progress in Colombia are the Paz de Rio steel mill and the Magdalena Valley Railway. The former, located at Belencito, five hours by road from Bogotá, can draw on substantial deposits of coal, limestone and iron nearby and expects to begin operations early in 1954.

Approximately 400 French steel experts and skilled labourers are assisting in the building and many of them will stay on for some years after the mill goes into production. French banks supplied long-term credits of $28 million and this is being used to buy the smelting ovens and other heavy equipment in France. The remainder of the money is being raised in Colombia and final costs may reach $100 million. Orders for a large portion of the lighter equipment and supplies are now being placed in the United States and the address of the purchasing office is:

Empresa Siderurgica Nacional de Paz de Rio,
1900 East 24th Street,
Cleveland 1, Ohio.

The range of items required is too exhaustive to list here. It includes everything necessary to complete and maintain a steel mill, provide administrative and office quarters, carpenter and machine shops, an electrical supply system, and housing and messing for at least 2,500 workers. Mining equipment, railway dump cars and spare parts, tools, dies, ferro-alloys, electrodes, galvanizing zinc and refractories are just a few of the products in active and continuing demand. When the mill goes into production, it should spark a number of secondary industries, which will need many types of machine tools. Some of these Canada might supply.

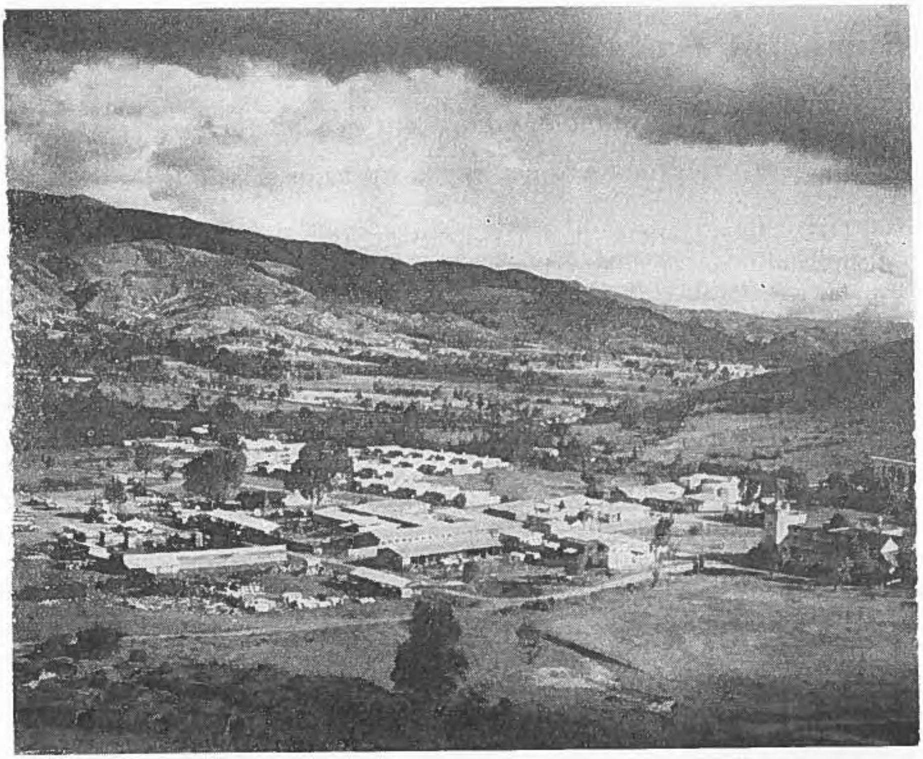
The Paz de Rio company would be glad to buy Canadian products provided that prices and deliveries are competitive. Any manufacturers interested should direct their offers to Dr. Vicente Suarez Hoyos or Mr. Albert Moller in the Cleveland offices.

Construction of the Magdalena Valley Railroad was begun in the fall of 1952, following receipt of a $25 million loan from the International Bank for Reconstruction and Development. Colombia's share of the project, which will probably amount to from $15 million to $25 million, is being supplied through the Federal Department of Public Works.

The construction contracts are in the hands of U.S. and Colombian engineering firms but orders for materials have been placed where prices and deliveries are most attractive. For instance, the tender for rails was awarded to a Belgian manufacturer, the tie plates to Germany, and switches and spikes to the United States. The ties are being supplied domestically. So far, the bridge contracts have not been let.

The railway, when completed, (1956 is the target) will bring the end of steel 240 miles nearer the mouth of the Magdalena River and Caribbean.

—*W.J.M.*



Photograph shows the Paz de Rio steel mill which is expected to be in production early next year. Much of the capital and equipment for the mill came from France; some lighter equipment has still to be bought.

Rubber Products

- *Local industry now supplies most domestic needs.*
- *Certain sizes of bus and truck tires imported.*

WITH THE ASSISTANCE OF FOREIGN CAPITAL, principally from the United States, the Colombian rubber goods industry has grown appreciably, particularly in the postwar years, and now supplies most domestic requirements. As local production has expanded, the National Government has frequently protected the domestic industry by increasing tariffs or by adding specific items to the Prohibited List. However, the tariff structure on rubber goods is "spotty"; certain articles bear heavy duties and others only nominal ones. Recently the Colombian authorities have shown no undue interest in extending the Prohibited List to cover a wider range of goods. As a result, there is scope for imports.

Local Production

Domestic output is largely concentrated in a few firms located in the larger centres. Chief lines turned out are automobile tires and tubes, rubber footwear, heels, rubberized cloth, etc. Two firms make tires for motor vehicles, both of them subsidiaries of U.S. companies. One is currently proceeding with plans to double its capacity. Most types of tires used in Colombia are produced here, although special sizes of bus and truck tires have to be imported. And, though motor vehicle registrations in the Republic have climbed to an estimated high of 90,000, imports of tires and allied lines have lost ground.

Rubber footwear is another important item, with output estimated at well over three million pairs a year. A large percentage of this business is done by a firm in Cali backed by United States and Swiss interests.

The largest part of this market is protected by a prohibition on imports of practically all types of rubber footwear except "zapatones", or rubbers for rainwear. There are no statistics on local output or market requirements for this item. However, the largest Colombian rubber footwear firm has ceased production of this line and has made arrangements with a U.S. supplier to fill any demand.

There is a sizable domestic output of certain other rubber articles. A Bogotá company is turning out large quantities of rubber heels and rubberized cloth. Another firm is just entering the more technical industrial goods field and firms in Cali and Bogotá lead in the production of camelback and packings. Rubber floor tiles are also turned out.

Rubber goods production is somewhat hampered by government regulations which require local companies to use certain quotas of domestically produced rubber, even though the Colombian product is more expensive. Heavy duties are levied on imported rubber. Because the rubber goods industry has to obtain about nine-tenths of its supplies from abroad, this policy has proved a burden. The tire section is particularly hard hit because it is the largest user of imported rubber.

In spite of much greater local production, the Colombian market still relies on imports to meet needs in certain categories. Surgical supplies of practically every type are a case in point, with sizable imports from Europe and the United States. Many industrial lines, including rubber belting and hose, have to be brought in and considerable quantities of bus and truck tires and tubes. Canada in 1952 supplied rubber goods valued at $232,161. Of this amount, $183,825 worth consisted of motor vehicle tires and tubes. Rubber belting and hose were other significant items. The import of Canadian rubber footwear has been adversely affected by Colombian Government import regulations.

—*J.E.L.*

Textiles, Textile Equipment

- *Imports being reduced as local industry grows.*
- *Specialized lines, high-quality goods still imported.*

TEXTILE PRODUCTION is the most highly developed of the Colombian manufacturing industries. The spectacular rise in production over the last few years, coupled with government import restrictions, has permitted Colombia to achieve relative self-sufficiency in many basic textile lines. Although there are numerous producers, the greatest volume of output is shared by a handful of firms which in turn dominate their respective branches of the industry. Productivity in these large mills, particularly in the cotton industry, compares favourably with that of North America.

This praiseworthy growth has been achieved with government assistance and support. At the time of the establishment of the list of prohibited imports (March 1951), the domestic textile industry was substantially protected against foreign competition. During 1952 additions were made to the list which block off the import of virtually all textile products, with some modest exceptions.

Range and Trend of Production

The output of textiles in Colombia includes cotton, woollen, rayon, nylon and hard-fibre goods. Of recent years, the production of cotton and woollen textiles has tended to level off and the manufacture of synthetic-fibre textiles in general to increase rapidly. Another trend is the shift from the more primary manufactures, such as unbleached cotton cloth, to more advanced types such as bleached and dyed cloth.

The cotton textile industry is centred in Medellín, although there is sizable production from firms in Bogotá, Barranquilla and Manizales. These mills produce a wide range of fabrics—including duck, sheeting, drills, gabardines, twills, sateens, denim, towelling, knit underwear, jersey, hosiery, shirting and covert. The larger firms are equipped to do high-quality fabric printing and dyeing.

One plant in Barranquilla and one in Medellín produce viscose yarns, and one in Cali turns out acetate yarn. There are also numerous firms turning out rayon piece goods, though the quality is not high. One of the principal reasons for this lack of quality is government insistence on the use of domestic viscose and the prohibition of foreign imports. Efforts, however, are being directed to raising domestic standards of production.

Nylon manufacture is concentrated in Medellín. This industry depends entirely on imported yarn, consumption of which amounted to 70,000 pounds in 1950. Expansion is evident in this section of the industry and the quality is good.

Another important branch of the industry is the production of woollen textiles. Domestic production provides carded wool yarn and most types of woollen fabrics (including fine suitings) in sufficient quantities to meet home demand. One plant is fitted to produce wool tops from domestic wool. Medellín, Bogotá and Barranquilla are the producing centres.

Other textile manufactures include hard-fibre products processed from domestic fique, a plant from which a hemp-like material is obtained. The production of sacks for the coffee industry and material for shoes for the rural population is important. Much of the output is obtained from household, handicraft producers.

Outlook for Imports

The expansion of the domestic textile industry has, with government restrictions, progressively reduced imports. In the production of most types of cotton and woollen fabrics, rayon textiles and hard-fibred bagging, the domestic industry is able to fill Colombian requirements.

In spite of recent progress towards self-sufficiency, however, there are continuing imports of certain specialized items. These imported lines include poplin for shirting, cotton tire cord fabric, cotton duck, woollen worsted yarn, specialized wool fabrics, nylon yarn, manila twine and rope.

Besides these commodities, imports of specific raw materials are needed to keep the industry going. Raw cotton is a case in point. Although cotton is native to Colombia and has been grown for domestic use and export for centuries, the 1950-51 crop, for example, did not meet 30 per cent of the industry's requirements of 123 thousand bales. The United States supplied most of the remainder. Experts believe, however, that such areas as the Atlantic Coastal Belt, the Sinú Valley and the area around the upper reaches of the Magdalena River could produce excellent-quality cotton in sufficient quantity to meet local demand. The acreage planted to cotton has, in fact, increased substantially and production has risen. Unfortunately, a large percentage of the domestic crop is of the short-fibred variety and to dispose of it the Government has required the domestic textile industry, through a recently issued decree, to absorb larger quotas of the home-grown product.

Other imports include certain chemicals required by the industry and machinery and spare parts. Canada supplies small quantities of bobbins and spools and odd pieces of textile machinery equipment.

An allied industry is clothing manufacture which has grown rapidly during the past few years. Increasingly, the industry has become a large-scale mechanized one, although local dressmakers and tailors maintain a brisk business. Production of all types of underwear and outerwear from cotton, wool and rayon meets local requirements. The industry is protected by a prohibition on imports in effect since March, 1951. There is still a demand, however, for high quality foreign products though, in view of the import ban and the increasing capacity and efficiency of the domestic industry, the outlook for foreign suppliers is not promising.

—*J.E.L.*

What the Exporter Should Know

. . . Some points about sales practices and promotion methods that will help potential exporters in winning a place in this market.

EVERY COUNTRY has its peculiar tastes and its own ways of doing business. This holds true of Colombia and Canadian exporters will find the going smoother if they learn something of the Colombian techniques. Here are a few pointers for the businessman.

● *Appointment of Agents Essential*—Foreign firms in Colombia do the bulk of their business through agents rather than by direct contact between seller and buyer. In general, commissions paid to an agent are more than offset by the greater volume of business this on-the-spot representation brings in. Because the country is divided into four economic areas, the appointing of separate agents in Bogotá, Cali, Medellín and Barranquilla usually yields the best results.

● *Competition in Prices and Credit Terms*—Colombia is one of the world's most price-conscious, competitive markets. Canadian goods come up against merchandise from many countries and generally the lowest bidder gets the business. Quality definitely comes second and Canadian exporters might well consider this area as an outlet for "seconds". Next to low price, attractive credit terms determine who obtains the orders. Interest rates run as high as 2 per cent per month and if the exporter can help the buyer by extending up to 60 or 90 days sight draft terms, he definitely has a selling point. If Canadian exporters who want to enter this market insist on letters of credit, this in most cases eliminates any possibility of securing orders. Colombia has a good payments record and Canadian exporters, when they are deciding on terms, should consider each customer separately on the basis of the agent's recommendations and reports on financial status.

● *Literature in Spanish*—Many Colombians do read English, but the majority do not. Most Canadian products attempting to gain a foothold here are handicapped if sales literature and information on the packages are not in Spanish. This is one important factor to which both European and American manufacturers and export houses pay more attention than Canadians do.

● *Visiting the Market*—Designs and specifications for many types of merchandise in Colombia vary greatly from those in Canada and exporters must appreciate the differences in tastes and the market peculiarities. They cannot obtain this knowledge by sitting behind a desk in Montreal, Toronto or Vancouver. For an intimate understanding of the agent and his problems, the Canadian company should send a responsible representative to South America periodically, just as its salesmen visit the trade in Canada. All Trade Commissioner Offices are well equipped to assist

Canadian businessmen new to the area with both translation facilities and good contacts. Certainly nothing pleases a Colombian, agent or customer, as much as a visit from a Canadian businessman.

- *Airmail Essential*—Surface mail usually takes four to six weeks compared to five days for airmail, and it is advisable to send correspondence, catalogues and samples by airmail.

- *Quotations in U.S. Dollars f.o.b. Canadian Port*—All trade between Canada and Colombia is conducted in U.S. currency and Canadian dollars are not available here. Canadian firms should therefore submit quotations in U.S. dollars if possible, or should stipulate that, though quotations are in Canadian dollars, they will accept payment in equivalent U.S. funds. Colombian law requires that freight and insurance be paid in pesos. This means that quotations should be f.o.b. Canadian port of shipment.

—*W.J.M.*

Doing Business with the Government

A sizable percentage of all imports into Colombia are for government account; sales are frequently made through the government agencies which are described below.

CANADIAN BUSINESSMEN who want to sell in the Colombian market should realize that an estimated one-third of all imports into Colombia are for government account. These imports include a wide range of commodities and reveal not only the importance of the Government as a buyer but the extent to which Colombian authorities have interested themselves in and even invaded the business field.

Actually, over the years, government interest in economic activities has been less far-reaching in Colombia than in most Latin American countries. However, government participation in economic affairs has been growing during the last two decades. For example, it has financed and set up and is managing industrial plants, besides providing internal transportation and communication services. It also runs a high seas cargo fleet, has oil interests, and maintains a monopoly over the production and sale of certain important minerals.

The increasing scope of the Government's economic interests has led to the setting-up of a number of official and semi-official bodies to carry out various phases of its economic program. These agencies, which cover such diverse fields as agriculture, electric power development, expansion of municipal services and industry, frequently wield great influence. The Government relies on their counsel in the formation of national economic policy. Several of these bodies are empowered to place orders and import and distribute goods on their own account. They are thus of direct interest to Canadian exporters. Here is a brief review of the names and activities of some of the more important agencies.

● *Consejo Nacional de Planification (National Planning Council)*—This Council consists of a number of economic experts responsible for working out an overall economic program. It is constituted directly under the President of the Republic and continues the work of the Committee for Economic Development. (This Committee was formed after the publication of the 1948 Economic Report of the International Bank for Reconstruction and Development, to follow up and carry out the recommendations.)

● *Ministerio de Obras Publicas (Public Works Department)*—a department of the National Government, under the direction of a Minister. Like the Department of Public Works in Canada, it carries out numerous important projects, including work on harbours, railways, roads, bridges, electrical plants, etc. It places direct contracts. There are similar divisions in the Departmental and Municipal Governments.

● *Banco de la Republica (Bank of the Republic)*—This is the Central Bank of Colombia, founded in 1923, and is a semi-official body with the Minister of Finance sitting on the Board. The Bank is charged with administering and exploiting the salt resources of the Republic, both maritime and mine, and running the soda ash plant at Betania. It also finances the development of certain industrial projects.

● *Instituto de Fomento Industrial (Industrial Development Institute)*—This Institute is a national body, constituted by an Act of the National Congress in 1940. It undertakes both research and business promotion to advance local industry. It is permitted to invest up to 51 per cent of its capital in new and existing businesses technically important to the development of Colombia. The Institute has assisted particularly industries using domestic raw materials and has helped to create several new businesses. It has the right to approve and make contracts.

● *Caja de Credito Agrario Industrial y Minero (Agricultural Bank)*—This limited liability company, founded in 1931, has as its principal shareholder the National Government and functions as a semi-official agency. It makes loans for agriculture, cattle-raising, mining and industry; places orders and imports for its own account free of duty; distributes and sells goods through its branches maintained throughout the Republic.

● *Instituto Nacional de Aprovechamiento de Aguas y Fomento Electrice (National Institute of Water Utilization and Electrical Development)*—This semi-official body was created in 1946 to study the problem of water utilization for power and irrigation. It finances the construction of some of the larger power projects, sometimes in conjunction with private capital. It must approve contracts for works under its jurisdiction.

● *Corporacion de Defensa de Productos Agricolas*—This organization, formerly known as INA, was formed for the dual purpose, as its name suggests, of fostering production of more and better crops and of regulating prices. It is primarily interested in wheat, corn, beans, rice and potatoes. It has built storage facilities in various parts of the Republic to cut down crop losses and to prevent widespread price fluctuations. It works toward securing the best prices for the commodities under its control and frequently attempts to have the import of competing items controlled. Recently this agency placed orders outside the country for silos and other storage facilities.

- *Instituto de Colonizacion e Immigracion*—This body is an outgrowth of the older Institute of Land Settlement and Reforestation. It was created to undertake, finance and encourage the settlement of communal virgin lands. Capitalized at ten million pesos, the Institute operates free of taxation and has the power to contract internal and external loans to be guaranteed by the National Government. It is empowered to send missions abroad to select immigrants. This body has a large budget for direct purchase of many items, ranging from prefabricated houses to farm implements.

- *Federacion Nacional de Cafeteros de Colombia (National Federation of Coffee Growers)*—This is an association of coffee producers and shippers, working in close co-operation with, and with the support of, the National Government. It may be considered a semi-official body.

  The Federation does a great deal of financing for its members and its functions include the improvement of methods of cultivating coffee, bettering working conditions in the industry, and warehousing. It is responsible for exporting and selling the coffee crop, Colombia's chief earner of foreign exchange. It carries great weight with the Government.

- *Asociacion Nacional de Industriales (National Manufacturers' Association)*—A powerful organization for presenting the Colombian manufacturers' point of view to the Government, ANDI has its headquarters in Medellín and branches in other leading cities. Its activities include the gathering of statistical information and the providing of workers' training courses. Because its members are industrialists with plants in a country in the early stages of industrialization, its views on tariffs and other matters are frequently protectionist.

- *Federacion Nacional de Comerciantes (Association of Colombian Merchants)*—FENALCO has a membership of many thousands of merchants doing business in Bogotá and throughout the Republic. Its headquarters are in the capital and it has branch offices in leading provincial cities. The association concerns itself with studying and finding solutions of the many economic problems which beset the average merchant. It has investigated customs procedures, goods on the prohibited import list, etc. The Association generally supports a moderately free trade and tariff policy.

- *Instituto de Credito Territorial*—An organization to finance the construction of workers' and agriculturalists' dwellings, it is empowered to purchase all types of construction materials, including prefabricated items.

- *Consejo Administrativo de los Ferroscarriles Nacionales (National Railway Administration)*—This agency runs practically all the railways of the Republic, with the exception of the Antioquia Railway which is run by the Departmental Government of Antioquia. To it go all orders for railway requirements.

- *Comisariatos dèl Ejercito*—Although they are not strictly government agencies, these co-operative associations have the right to import a wide range of commodities, including foodstuffs, household goods, electrical appliances, and many other items for the domestic needs of the families of members of the armed forces. They can purchase articles abroad and import them free of duty and can also bypass the prohibited list.

—J.E.L.

Geography Plays a Part

Three ranges of the Andes and two great river valleys divide Colombia into four economic regions, with differing climate, tastes, and market requirements.

GEOGRAPHY HAS PLAYED a significant part in the life of the Colombian people and in their economic advance. Primarily because of geography, only the western third of the country is settled. This settled area is, in turn, cut up by three ranges of the Andes and the two intervening valleys of the Magdalena and Cauca Rivers and thus is subdivided into four loosely-defined economic areas. Because transportation and communication between these sections is difficult, strong local feelings have grown up, intensified by differences of climate and environment. As a result, market demand and tastes vary greatly in the four regions.

Each of these regions over the years has built up a cultural and commercial centre which serves as the focal point for the area. These centres are: Bogotá, dominating the Eastern Cordillera region; Medellín, the Central Cordillera departments of Antioquia, Cáldas and Choco; Cali, the Pacific and southwestern region, and Barranquilla, the Atlantic coastal belt. To understand the whole Colombian market an exporter must be familiar with the varying tastes and requirements of these four cities and the regions they dominate.

- *Bogotá—Eastern Cordillera Region*

Bogotá, with an outer-ring population of 750 thousand, is the capital city of the Republic and the leader in the commerce, finance, culture and government of the nation. It is also a manufacturing centre, producing a wide range of articles for the local market such as beer, foodstuffs, soap, fertilizer, plastics, pharmaceuticals, clothing, and so on. Bogotá is also the centre of an important printing industry. The city and suburbs constitute the biggest single market in Colombia and account for almost 25 per cent of the country's purchasing power.

The Bogotano is conservative in his dress, manners and methods of doing business, an attitude which suits the damp, cool climate of this plateau. The average yearly temperature in Bogotá is 57·6°F., with no extremes of heat or cold.

Transportation between this region and the other three poses many problems. Narrow-gauge railways and paved highways radiate for relatively short distances from the capital but there is no direct rail route nor paved highway connecting with either the port cities or the great business centres such as Cali and Medellín. Air travel is well organized but heavy goods reach Bogotá from the port of Barranquilla via the Magdalena River and narrow-gauge railroad or via trucking routes from Buenaventura—routes which cross the Western Cordillera and go through the Quindio Pass of the Central Cordillera from 11,000 to 14,000 feet above sea level.

- *Medellín—Central Cordillera Region*

Medellín, with 400 thousand inhabitants, is not only the second city of the Republic but also the leading industrial centre and a focal point for the mining industry. This city and economic region is one of the most progressive, with less illiteracy than in other sections. The Antioqueño, generally thrifty and prolific, is known for his business acumen.

The textile industry is all-important; Medellín has the leading cotton spinning and weaving mills, wool yarn and suit factories, and rayon weaving plants. The principal sulphuric acid and superphosphate plant in Colombia is located here; so is a bar and rod mill and several foundries and machine shops. Over a third of the electric generating capacity is installed in this region.

Medellín is linked with Bogotá by road and air and with Cali and the port of Buenaventura by gravel highways and a narrow-gauge railroad. The long haul from tidewater has hampered the growth of manufacturing and this has indirectly benefited Medellín's business rival, Cali.

—Standard Oil of N.J.

Three ranges of the Andes and two river valleys divide the country into four economic areas and make transport difficult. Above, the Bucaramanga-San Gil highway twists and turns as it climbs out of a canyon.

The city, however, has an excellent climate (annual average temperature 70·5°F.) and in Antioquia, the Department of which Medellín is the capital, and in neighbouring Cáldas, the major portion of Colombia's all-important coffee crop is raised.

- *Cali—Pacific Region*

Cali, commercial and industrial centre of southwestern Colombia, is situated in the heart of one of the world's most fertile valleys. With a warm, sub-tropical climate (average annual temperature 75·9°F.), good transport services and located near the leading port of Buenaventura, Cali is said to be the fastest growing city in Colombia, with a population of approximately 280 thousand.

A pleasant, friendly city, Cali has become the favoured spot for foreign branch plants and, with the expansion of electric power facilities, has grown into an important centre. Its products include pharmaceuticals, batteries, rubber shoes, cardboard and paper. It also has a celanese acetate plant.

The city has rail and road connections with Buenaventura, Medellín and other sizable cities in Western Colombia. Air services link it with all important points and it is also on international air routes to the United States and other parts of South America.

- *Barranquilla—Atlantic Coast Region*

Barranquilla, situated near the mouth of the Magdalena River, the great surface route to the interior, is the "front door" to Colombia and one of the leading ports. It maintains direct shipping connections with many parts of the world, including eastern Canada. River steamers link it with the interior and its Soledad airport is on domestic and international air routes.

The city, with an estimated population of 300 thousand, is a leading manufacturing centre. Its diverse industries include a brewery, a viscose yarn plant, cotton textile mills, a rayon weaving plant, shipyards, airplane repair shops and lumber mills, as well as factories turning out cement, rubber goods, roofing, shoes, soap, pharmaceuticals and cigarettes.

Barranquilla has a tropical climate with an annual average temperature of 82·8°F., although the trade winds blowing from December through April bring welcome relief. This region has a polyglot population including negros, Indians, Mestizos (mixed) and whites. For the most part the people are colourful, light-hearted and gay and the rhythmic throb of tropical music is typical of the Coast.

—J.E.L.

Plans for an International Industrial Exposition in Bogotá, to run from March 1 to 21, 1954, are under way. The Ministry of Development of the National Government, the Foreign Ministry, and two Colombian manufacturers' associations are sponsoring the fair and subscribing the funds. The Board of Directors will consist of one representative from each of these government departments and one from each of the trade organizations. All countries with whom Colombia has diplomatic relations, including Canada, are invited to participate.

Reaching the Market

Excellent shipping services to Colombia from Canada's East and West Coasts speed goods to this market; transit by air proves valuable when time is a factor.

OTTAWA—Colombia, situated in northern South America, looks out over the Caribbean Sea to the north and the Pacific Ocean to the west. The isthmus of Panama joining North and South America forms a natural geographical barrier between the two oceans. However, the man-made Panama Canal enables commerce to flow smoothly between the Caribbean and Pacific coast ports of Colombia. Barranquilla, Cartagena, Puerto Colombia and Santa Marta are the principal ports on the Caribbean coast and Buenaventura is the one most widely used for cargo moving to and from the Colombian Pacific coast.

Colombia was a distant country when Canada first began to progress towards its present status in the world trade. With today's standard of transport, this has changed. Transportation of Canadian imports and exports to and from Colombia need not present a problem. There are shipping services from both our Atlantic and Pacific ports and air travel or air cargo has brought Colombia within two to four days of the Canadian office or warehouse.

Services from Eastern Canada

From eastern Canadian ports, two shipping lines operate regular liner-berth sailings to both Caribbean and Pacific coast ports of Colombia —one a direct service and the other with trans-shipment on a through bill of lading.

- The Flota Mercante Grancolombiana, jointly owned by the Governments of Colombia and Ecuador (Venezuela was also a partner but recently withdrew—see *Foreign Trade* of August 15) offers direct fortnightly sailings to Barranquilla, Cartagena and Buenaventura from Montreal during summer months and from Halifax when the St. Lawrence navigation season closes. When there is sufficient cargo, calls are also made at Three Rivers, Quebec City and Saint John, N.B. Cargo is accepted for other Colombian ports on a through bill of lading. A normal voyage from an eastern Canadian port to Barranquilla and Cartagena takes about seven days and to Buenaventura about 12 days. Some Grancolombiana vessels have facilities to handle refrigerated cargo but none of the ships has passenger accommodation.

- Saguenay Terminals do not offer direct services to Colombia but accept cargo for Colombia with trans-shipment on a through bill of lading on their intercoastal sailings between eastern Canada and the Canadian Pacific coast through the Panama Canal. Cargo is trans-shipped at Cristobal, Canal Zone. The voyage to Cristobal takes about 18 days and the arrival at Colombian destination varies because it depends upon the first available vessel arriving at Cristobal for the onward carriage. Saguenay's ships on this run do not have refrigerator cargo facilities but a number have limited passenger accommodation.

Services from Pacific Coast

Colombia is so near the Panama Canal that it is practically astride the many trade routes using this artery. Furthermore, Buenaventura is a principal port of call for shipping lines operating services down the Pacific coast of North and South America. As a consequence, there are more steamship services between the Canadian Pacific and Colombia than from eastern Canada and sailings are more frequent. This is particularly true of services to the Colombian Pacific coast, where four shipping lines schedule regular sailings from Vancouver. Grace Line offers three sailings a month and two other lines schedule two departures a month from the Canadian Pacific coast port. The shipping companies are:

- *Grace Line*—Passengers, refrigerator and general cargo. Three sailings a month to Buenaventura and one to Barranquilla.

- *Westfal-Larsen Line*—Limited passenger accommodation and general cargo. Two sailings a month to Buenaventura.

- *Knutsen Line*—Passengers, refrigerator and general cargo. Two sailings a month to Buenaventura.

- *Mitsui Line*—General cargo. One sailing a month to Buenaventura.

- *Independence Line*—Refrigerator and general cargo. Monthly sailings to Barranquilla and Cartagena.

Air Services

Each succeeding year sees increases in air passenger travel and more international commerce moving by air. Speed in reaching the destination is normally the primary consideration influencing the choice of transportation. When the saving of time in transit is essential to maintaining or developing business in Colombia, Canadians have available fast and frequent air services to the important Colombian business centres. Although there are no direct flights from Canada to Colombia, Trans-Canada Airlines connects with Avianca-Aerovias Nacionales de Colombia at New York, enabling air movement to proceed with a minimum of interruption.

Trans-Canada Airlines schedules four flights a day from Montreal and Toronto; arriving in New York in the early morning and at intervals throughout the day. Avianca schedules daily flights from New York to Barranquilla and Bogotá—tourist flights on Mondays, Wednesdays, Fridays and Saturdays and first-class accommodation flights on the other days of the week. Avianca uses D.C.-4's for tourist flights and Lockheed Constellations for first-class flights.

The air time between Canada and Colombia is approximately 18 to 22 hours; the actual travelling time is less than two days. Air cargo is also moved with despatch. Delivery should be made at destination in Colombia within three to four days of the time of pick-up in Toronto or Montreal.

—H. A. Hadskis
Transportation and Communications Section

Treaty Relations with Colombia

COMMERCIAL RELATIONS between Canada and Colombia are governed by the treaty between Colombia and Great Britain signed in 1866. This treaty continues automatically in force unless it is terminated on three months' notice.

Under this treaty, Canada and Colombia exchange full most-favoured-nation treatment. Canadian goods, on their entry into Colombia, are assured no less favourable treatment than goods from any other country in all matters pertaining to customs charges and formalities, import controls and other import regulations.

Reciprocally, Colombian products, on their import into Canada, are subject to rates of duty and other customs charges and formalities as favourable as those accorded to imports from any other country outside the British Commonwealth. Though Colombia is not a party to the GATT, Colombian products receive the benefit of tariff concessions negotiated by Canada with other countries under that agreement.

—International Trade Relations Branch

For More Information on Colombia . . .

WRITE your representative in Bogotá—
W. J. Millyard, Commercial Secretary,
Canadian Embassy, Apartado Aereo 3562, Bogotá.

or A. Savard, Area Trade Officer for Latin America,
Department of Trade and Commerce, Ottawa.

ASK the International Trade Relations Branch, Dept. of Trade and Commerce, Ottawa, for their pamphlet with detailed information on shipping documents and Colombian customs regulations.

REFER to these 1953 issues of *Foreign Trade*—February 7, June 13, July 4 and October 17.

For information on "Trade Commissioners on Tour", see page 24 of our November 7 issue.

Foreign Exchange Rates

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollars have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalents multiply by 1·02041.

Country	*Unit*	*Type of Exchange*	*Canadian dollar equiv. Nov. 5*	*Notes (See below)*
Argentina	Peso	Preferential buying	·1307	
		Basic buying	·1960	
		Preferential selling	·1960	(1)
		Basic selling	·1307	
		Free	·07054	
Austria	Schilling		·03769	
Australia	Pound		2·2040	
Belgium Luxembourg & Belgian Dependencies	Franc		·01967	
Bolivia	Boliviano	Official	·00516	
British West Indies	Dollar		·5740	(3)
	Pound		2·7550	(4)
	Dollar	Brit. Honduras	·6888	
Brazil	Cruzeiro	Official selling	·05207	
		Effective buying	·03456	(5)
		Coffee buying	·04195	
Burma	Kyat		·2058	
Ceylon	Rupee		·2066	
Chile	Peso		·00891	(1)
Colombia	Peso	Basic	·3920	
Costa Rica	Colon	Official	·1745	(6)
		Free	·1476	*
Cuba	Peso		·9800	tax 2%
Czechoslovakia	Koruna		·1361	
Denmark	Krone		·1419	
Dominican Republic	Peso		·9800	
Ecuador	Sucre	Official	·06534	(7)
		Free	·05645	
Egypt	Pound		2·8141	
Fiji	Pound		2·4820	
Finland	Markka		·00426	
France	Franc		·00280	
French Africa	Franc		·00560	
French Pacific	Franc		·01540	
Germany	D Mark		·2333	
Greece	Drachma		·000033	
Guatemala	Quetzal		·9800	
Haiti	Gourde		·1960	
Honduras	Lempira		·4900	
Hong Kong	Dollar	Free	·1642	*Oct. 23
Iceland	Krona	Official	·06018	
		Special buying	·04634	
		Special selling	·03733	
India	Rupee		·2066	
Indonesia	Rupiah	Basic	·08596	(8)
		Dollar certificate	·00185	*

* Latest available quotation date.