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POLICY

Voluntary Public

Date: 9/20/2013

GAIN Report Number:

Colombia

Post: Bogota

Agricultural Protests Update - Seven Decrees Established to Support Agricultural Pact Agreement

Report Categories:

Agricultural Situation

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Report Highlights:

On September 12, 2013, the Government of Colombia (GOC) published seven decrees creating a legal framework to implement aspects of the Agricultural Pact agreement that ended three weeks of nationwide protests and road blockades by farmers and supporting groups. The agreement resulted in five points to be implemented in the short-term: 1) reducing import duties on agricultural inputs; 2) monitoring and regulating input prices; 3) establishing a new Vice Minister for Rural Development in the Ministry of Agriculture and Rural Development (MARD); 4) reviewing and implementing safeguard measures; and, 5) eliminating the third-country tariff-rate-quota (TRQ) for whey protein dairy products.

General Information:

Colombian President Juan Manuel Santos and his administration have been in crisis mode recently as a result of nation-wide unrest from the agricultural sector and supporting groups representing miners, students and truck drivers/transporters. From the agriculture sector, the primary groups involved were dairy producers and rice, potato and onion growers. (For further details please refer to GAIN reports: “Agricultural Sector Protests Put Santos Government in Crisis Mode” and “Agricultural Sector Protests Update”). The agricultural sector complaints are straightforward: low commodity prices due to import competition and high input costs. Misinformation abounds regarding the factors negatively impacting rural Colombia and criticizing the U.S. FTA has been cause célèbre for many agricultural protestors. Some protestors have correctly implicated contraband agriculture as a problem, which is significant. The range in the types of smuggled agricultural goods is varied, including livestock, potatoes, eggs, avocados, onions, tree fruits and rice. Rice contraband entering illegally from the eastern and southern borders allegedly represents about 25 percent of domestic production. The GOC appears to have recognized the problem of contraband, increasing seizures of smuggled agricultural products from 19 to 38 percent in 2012/2013.

In his first attempt at establishing a broad dialogue with the protestors, President Santos and members of his Cabinet met with over 300 agricultural sector leaders to listen to their concerns. As a result, five points were agreed upon to be implemented in the short-term: 1) reducing import duties on agricultural inputs; 2) monitoring and regulating input prices; 3) establishing a new Vice Minister for Rural Development in the Ministry of Agriculture and Rural Development (MARD); 4) reviewing and implementing safeguard measures; and, 5) eliminating the third-country tariff-rate-quota (TRQ) for whey protein dairy products.

The Policy Response

On September 12, 2013, the MARD enacted seven legal decrees supporting the implementation of the abovementioned points. The following are abbreviated summaries of the established decrees:

- *MARD Decree 1985*: Restructures the Ministry of Agriculture to include a new operational entity for rural development under a new Vice Minister. The decree lays out the roles and responsibilities of all operational entities within MARD.
- *MARD Decree 1986*: Establishes a new Vice Minister of Rural Development, splitting ministerial functions between the new Vice Minister and a Vice Minister for Agriculture and Livestock. The Decree outlines new staffing recommendations under both vice ministers.
- *MARD Decree 1987*: Creates a system of public and private coordination and social inclusion to meet the expectations of the Agricultural Pact. Responsibility of the new system will fall under a Technical Secretary that will work jointly with the MARD and the Ministry of Labor. The system tasks the GOC to coordinate regionally with Municipal Councils and at the national level through the Council for Agriculture and Livestock and Agro-industry.
- *MARD Decree 1988*: Establishes a framework and enforcement mechanisms for MARD to monitor agricultural fertilizer, pesticides and veterinary drug input prices. The Decree mandates

all economic agents involved in the storage, distribution and sales of agricultural inputs to report monthly product prices that will be displayed on the MARD web site. The Ministry will revise mechanisms to conduct price intervention based on recommendations from an intersectoral commission for agriculture and livestock Inputs.

- *MARD Decree 1989*: Eliminates import duties for 23 HS product codes for fertilizers, insecticides, fungicides, herbicides and rodenticides.
- *MARD Decree 1990*: Eliminates the 3000 metric ton quota for whey protein dairy products originating from countries that do not have an ongoing FTA with Colombia.
- *MARD Decree 2001*: Establishes the Intersectoral Commission for Agrochemicals and Veterinary Products to meet regularly and review agricultural and livestock input prices and other issues. The Commission will have the authority to monitor agricultural input prices and recommend price controls. The Commission will include delegates from MARD, the Ministry of Commerce, Industry and Tourism, the Director of the Department of National Planning and two representatives from the office of the President. The Commission will be led by a Technical Secretary under MARD that will organize meetings and prepare materials for discussions.

Safeguards?

A policy response for point ‘4’ of the Agricultural Pact regarding safeguard measures is left vague. Acquiescing to protester demands, the GOC may consider establishing safeguards for designated “sensitive” domestic agricultural products, including rice, onions, dairy and potatoes. The GOC has prudently resisted protestor demands to renegotiate the U.S.-Colombia FTA. Public officials from the Minister of Commerce up to President Santos have stated that the U.S. FTA is not the source of rural Colombia’s troubles. Regardless, there exist negotiated safeguard measures and trigger levels clearly outlined in the text of the U.S.-Colombia FTA for standard quality beef, spent fowl, chicken leg quarters, dried beans and rice. To date, quantities of U.S. exports to Colombia of these products are far from reaching safeguard trigger levels.

The threat of extraordinary trade protection remains uncertain and there are still no indications for what products and through what methods the GOC would enact safeguards. Moreover, there are no indications what countries or specific products would be targeted. Perhaps the GOC may delay any response to implement safeguards as a result of a notable 7.6 percent agriculture sector growth in the second trimester of 2013. The non-coffee agricultural sector grew at an average of 6.7 percent, with the potato, vegetable (e.g. onions) and dairy sectors growing 13.4, 11.1 and 5.5 percent, respectively. The good news from these recent figures may relieve some of the pressure on the GOC to implement safeguards, but the situation remains tenuous given that protestors have claimed the right to continued civil disobedience if there is a sense that the GOC is not moving forward on their demands.