

40 YEARS

International Coffee Organization



GENERAL INFORMATION

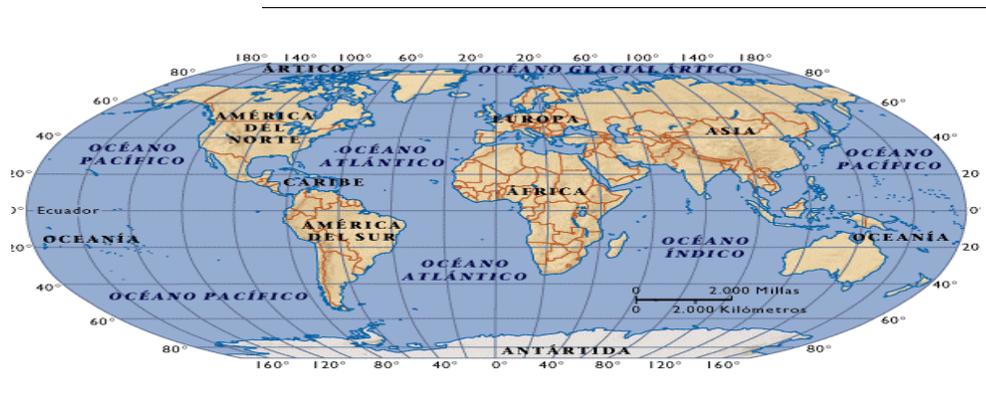
ON COLOMBIA

International Coffee Council
89th Session

Cartagena de Indias, Colombia

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OFFICIAL TIME IN COLOMBIA: GMT – 5 HOURS



Colombia is the only South American country with a coastline on two oceans: 1,600 km on the Caribbean and 1,300 km on the Pacific.

- Name: Republic of Colombia
- Head of State: Alvaro Uribe Vélez
- Capital: Bogotá, D.C.
- Major cities: Medellín, Cali, Barranquilla, Cartagena
- Population: 44,000,000 (approx.)
- Climate: Tropical, tempered by altitude
- Form of Government: Participatory democracy, unitary Republic
- Religion: Freedom of religion, mainly Roman Catholic
- Electricity supply: 110/120V
- Dialling code: 57
- Tipping: Tips are not always included in the bills. Around 10% is added to the bill in restaurants, bars and cafés. Tipping is not required for taxis.

“Colombia is a social state under the rule of law organized as a unitary decentralized republic with autonomous territorial entities, a participatory and pluralist democracy, based on respect for human dignity, work and the solidarity of its people and on the pre-eminent value of the general interest”.

Colombia is located at the north western edge of South America on the equator. It has an area of 1,141,748 sq. km.

OVERVIEW OF COLOMBIAN COFFEE



Coffee and development are synonymous in Colombia. The coffee sector was the principal engine of the country's economic and social development in the twentieth century and for many years generated more than 50% of total exports. This share has now declined to around 8% and coffee plays a less significant role in the economy although it continues to be important in social terms.

At present the coffee industry generates direct and indirect employment for around one million people, involving more than 500,000 producers in 590 municipalities and accounting for around 33% of total agricultural employment and around 20% of agricultural GDP. Coffee is predominantly an activity for small farmers, with 74% of coffee farms having an area of less than 5 ha.

The National Federation of Coffee Growers of Colombia (Federación Nacional de Cafeteros de Colombia or Federacafé) is responsible for formulating and carrying out coffee policies. Federacafé, a body subject to private law which represents producers, has been co-ordinating its programmes with the Government for 75 years. It manages the National Coffee Fund (FNC) which has for many decades been responsible for managing public resources and an income stabilization policy for farmers. The external price crisis of the last few years has forced the sector to review its policies and Federacafé has carried out a drastic restructuring of all its activities.

The Fund's resources come mainly from contributions by growers and have been used to benefit the coffee sector. Many of the investments required for physical and social infrastructure projects carried out in the coffee growing areas were provided by the Fund. Projects included the building of hundreds of clinics and hospitals, thousands of schools and thousands of kilometres of roads, as well as various other infrastructure development projects. The efforts of the FNC have ensured that levels of human development in the coffee areas are above the national average. However, the current crisis has led to a worrying decline in a number of these indicators.

The Fund's resources have also been used to finance scientific research. New coffee varieties were developed in order to improve yields, and thus the profits of farmers, as well as to reduce the costs of disease and pest control. Significant progress has also been made in the area of environmental sustainability. Last but not least, the Fund acts as buyer of last resort, through Federacafé, ensuring a guaranteed price for producers.

Extension services have made it possible for production and processing technologies (designed to reduce any adverse environmental impact) to be transferred to farmers, who have also been encouraged to participate in diversification programmes providing alternative sources of income.

Coffee farmers are free to sell their coffee to cooperatives, acting as agents for the FNC, or to private exporters, through intermediaries. Federacafé, which has strong links with major roasters, exports coffee and conducts promotion campaigns for Colombian coffee. Coffee is also exported by private sector companies, including Expocafé, which is owned by the coffee cooperatives. These companies accounted for around 73% of total exports in 2002. It should be noted that all exports are subject to strict quality control by Federacafé.

Federacafé is responsible for creating one of the most widely recognized logos in the international coffee market: the "Juan Valdez" character and the "100% Colombian coffee" slogan. Efforts are currently being made to strengthen the characteristics that distinguish Colombian coffee. Projects

for advertising 100% Colombian coffee and for promoting speciality coffees are the main bases for the work being done to raise the quality profile of Colombian coffee in the international market. Efforts are also being made to increase the added value of Colombian coffee.

Further investment is planned to expand the installed capacity of the freeze-dried soluble coffee processing plant in order to increase exports of “Café Buendía” by 25% and there has been a successful launch of the Juan Valdez Coffee Shop project.

Domestic consumption is around 1.4 million bags annually. Although the level has been declining in recent years as a result of the fall in the population’s purchasing power and changes in consumption habits, Federacafé has initiated a market strategy designed to increase the domestic consumption of coffee.

There is a dual system of production. Around 30% of the total coffee area (775,000 hectares) is farmed traditionally, using labour-intensive methods and unimproved coffee varieties. The remainder is cultivated using advanced production methods and improved tree varieties. Many of the modern or “technified” farms have densities of between 4,000 and 6,000 trees per hectare.

Production costs vary according to the size and type of farm, the yield and whether family or hired labour is used. As an example, a medium-size farm employing hired labour and obtaining a yield of 1,260 kg./ha. will produce coffee at a cost of between 66 and 72 US cents/lb. This does not include the opportunity cost of land, which is calculated at around 12 US cents/lb.

In the current situation of low prices, studies of production costs indicate that production methods incurring the lowest costs have a greater chance of remaining viable. If prices remain low, farms incurring higher production costs, regardless of the technology used, must consider diversification as the best alternative.

Changes in the international coffee market have posed a huge challenge for Colombian coffee growing. One of these challenges is how to produce coffee at costs that will allow it to enter international markets and maintain its position in these markets. For this reason, the coffee authorities have developed a competitive strategy through a process of streamlining. The aim is to restructure the sector in order to achieve the competitiveness and sustainability required by the new international context.

TABLE 1

DATA ON COFFEE GROWING IN COLOMBIA

		1999 –2002				
		1999	2000	2001	2002	
1.	Area under coffee	000 ha.	835	805	805	775
2.	Production	million bags of 60 kg. of green coffee	9.1	10.6	10.9	11.6
3.	Domestic consumption	million bags of 60 kg. of green coffee	1.4	1.5	1.5	1.4
4.	Exports	million bags of 60 kg. of green coffee	10.0	9.2	10.0	10.3
5.	Value of production	million US\$	1.078	1.093	854	849
6.	Value of exports	million US\$	1.455	1.176	864	864
7.	Average export price	US\$/lb ex-dock	1.19	1.07	0.75	0.71
8.	Price to producer (1)	US\$/lb green coffee	0.76	0.73	0.72	0.62
9.	Contribution to employment:					
	Agricultural work	000 people	597	576	576	554
	Harvesting and other tasks	million people	0.8	0.8	0.7	0.7
10.	Share of coffee in:					
	Total value of exports	%	11.5	9.7	8.0	7.3
	Total GDP	%	1.2	1.3	1.8	1.5
	Agricultural GDP	%	10.9	11.1	12.6	11.0

(1) At farm level in September each year, for sun-dried coffee, with an average yield of 1,890 kg/ha.
Source: Federacafé, Planeación Nacional and Dane



CARTAGENA DE INDIAS

Climate:	Humid tropical (+90% humidity) 28-30 °C
Clothing:	Lightweights, short sleeves, cool fabrics
Electricity supply:	110/120 volts - 60 Hz
Population:	700,000
Dialling code:	5
Currency:	Peso. US \$ is used
Currency exchange:	At hotels and exchange bureaux

Cartagena de Indias is an incomparable city and since it is an important international, maritime and air port, probably no other Caribbean city offers as much to the visitor. A city that dazzles with its imposing military architecture, which is one of the most important of its kind in America. In 1984, Cartagena de Indias was listed by the UNESCO as a World Heritage City for its “Port, Fortress and Monumental Ensemble”.

Nearly 500 years have passed since the Spanish arrived in the bay of Cartagena. And many stories and legends have accrued since then. Kalamari was the native town that dominated the coastlands, islands and canals until around 1533, when Pedro de Heredia founded the city after a relatively peaceful conquest. Within a few years Cartagena de Indias had become the privileged centre of trade between the New World and Europe and the main holding point for the wealth destined to the Spanish Crown. The lure of gold soon attracted attacks and sieges of the city. Coté, Hawkins, Vernon and Drake were some of the most famous historical characters who played a leading role in the actions, battles and skirmishes that kept the city between glory and ruin for more than 200 years.

The walled city has been the scene of innumerable cultural, scientific and political events as well as the centre for important congresses, seminars and conventions including inter alia the Millennium Board, the IDB Assembly, and the American Space Conference, offering reassurance to visitors.

HISTORICAL INFORMATION ON CARTAGENA DE INDIAS



Cartagena de Indias, founded in 1533 by the Spanish conquistador Don Pedro de Heredia, was fortified during the 17th and 18th centuries with the erection of solid walls and castles to defend it against pirates, corsairs and invading armies seeking to plunder the riches accumulated through the valuable trade in merchandise and slaves. Its bay sheltered the “*Galeones de Tierra Firme*” (Galleons of the Spanish Main) preparing to sail for Spain with silver from the Viceroyalty of Peru. In 1610, the empire, as defender of the Catholic Faith, established a Tribunal of the Holy Office of the Inquisition in Cartagena de Indias. Bloody battles were fought to conquer the city. In some cases the attackers were victorious, in others they were repelled, as in the valiant defence conducted by Viceroy Don Sebastián de Eslava against Admiral Vernon’s powerful English fleet (1741).

The process of complete independence from the Spanish crown took ten years from its proclamation on 11 November 1811. The city’s stubborn resistance to the prolonged siege it suffered in 1815 for its defence of independence earned it the title “Cartagena de Indias, Heroic City”.

During the Republican period the city lost its primacy and entered a prolonged period of decline that lasted until the beginning of the 20th century. The city has now recovered and receives thousands of visitors eager to see the scenes where leading roles were played by major characters in their history like the Indian Catalina, Sir Francis Drake, Saint Pedro Claver, Baron Pointis, Blas de Lezo, Antonio de Arévalo, Pedro Romero, Simón Bolívar and Rafael Nuñez.

In 300 years of stout defence, first against the Indians, then against the enemy European powers of Spain, pirates and adventurers, the city was attacked first by three Frenchmen - Baal, Coté and de Pointis – and then by three Englishmen – Hawkins, Drake and Vernon. Some succeeded before the city’s defences were completed, with consequent looting and loss of human life. Many years later, the 19th century brought another wave of troubles with the struggle for independence and the Republic: sieges imposed by Bolivar and Murillo, capture by the various factions involved in the civil wars, naval blockades by England, France and Italy in an attempt to recover debts. The city has suffered a total of 18 attacks in its military history. Phillip II ordered the construction of a walled system of fortifications and castles, erected as the main work of military architecture in colonial America, a work which, after the declaration of independence in 1811, served natives and Creoles in the defence of their liberty against the forces of reconquest sent by Fernando VII, when the city became known as the Heroic City, a name it keeps to the present day.

Places to visit

The Cathedral (begun in 1575). **The Palace of the Inquisition**, the best example of baroque civil architecture, completed in 1770. **San Pedro Claver**, 18th century Jesuit church and convent which houses the remains of the patron saint of slaves. **The Casa del Marques de Valdehoyos** and the house now known as the “Bodegón de la Candelaria”, outstanding examples of 18th century domestic architecture. **The Temple of Santo Domingo**, the city’s oldest church, completed in the 16th century. **The Plaza de la Aduana** (Customs House Square) and the **Torre del Reloj** (Clock Tower). **The Museo del Oro** (Gold Museum), with a regional collection of gold work and ceramics, on the Plaza de Bolívar facing the Palace of the Inquisition. And the **Museo Naval** (Naval Museum), inaugurated for the Fifth Centenary of the Discoveries (behind the church of San Pedro Claver).

RECOMMENDED RESTAURANTS, BARS, CAFÉS, ETC.

Restaurante Club de Pesca

Manga, Fuerte de San Sebastián del Pastelillo
Teléfonos: 660 58 63 - 660 70 65 - 660 45 94
Fax: 660 59 81

Café Bar La Vitrola – Centro

Calle Baloco Cll. 33 No. 2-01 Tel.: 664 8243

Café del Santísimo – San Diego – Calle del Santísimo

Cll. 38 No. 8-19 Tel.: 664 3316

Café Santo Domingo – Centro – Plaza de Santo Domingo

No. 3-19 Edificio Cuesta L-1 Tel.: 664 1422

Discoteca Mister Babilla – Getsemaní

Cll. 24 No. 8B-137 Calle del Arsenal Tel.: 664 7005

Café Colombia – Centro – Plaza de Santo Domingo

No. 3-19 Edificio Cuesta L-2 Tel.: 664 8379

Café del Mar – Centro – Baluarte de Santo Domingo

Playa de la Artillería Tel.: 664 6513

Galería Libro Café – Centro – Plaza de la Artillería

Baluarte de Santo Domingo P-1 Bóveda 1 Tel.: 660 0253

Tono's Bar – Centro

Calle San Pedro Claver No. 31-29 Tel.: 664 2047

La Tarzana – Centro – Cra. 37 No. 32-67 P-2

Portal de los Dulces Tel.: 664 8703

Casino Atlántis

Bocagrande – Avenida San Martín
Cra. 2 No. 5-145 Tel.: 655 1197

Casino El Dorado – Bocagrande

Avenida San Martín No. 5-35 Tel.: 665 4693

Casino la Perla del Caribe – El Laguito

Centro Comercial Pierino Gallo Tel.: 665 0573

Casino Royal Palm – Bocagrande – Hotel Caribe

Cra. 1 No. 2-87 Tel.: 665 9482