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Colombia

Trade Policy Monitoring

Export Payments for Flowers and Bananas

2005

Approved by:

David Mergen
U.S. Embassy

Prepared by:

David Mergen

Report Highlights:

The Colombian Government announced that it will provide export payments for flower and banana exports in 2005. The export payments will be 200 Colombian pesos per U.S. dollar in exports (approximately 8.5 US cents at the current exchange rate). The payments were implemented in response to the rising value of the Colombian peso.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Bogota [CO1]
[CO]

Export Payments for Flowers and Bananas

The Colombian Government announced at the end of December that it will implement exports payments for flowers and bananas. The payments will be in effect during 2005, during which exporters will receive 200 Colombian pesos for every U.S. dollar in exports (approximately 8.5 US cents for every U.S. dollar in exports). In order to receive the payments, producers are required to purchase exchange rate coverage through the Colombian financial system

The measure was taken in response to complaints by local exporters that the rising value of the Colombian peso was causing serious financial difficulties (the peso rose approximately 14 percent relative to the U.S. dollar in 2004). The total cost of the program has been estimated by local sources at 180 billion Colombian pesos (approximately US\$77 million).