Andean Report by Javier Almario

Colombia's food security at risk

IMF and World Bank "free trade" conditionalities are destroying its ability to meet its own food needs.

The "economic opening" free trade policy which the government of President César Gaviria began to enforce in Colombia as of 1991, on the strong "recommendation" of the World Bank, the International Monetary Fund, and the U.S. government in Washington, is seriously undermining national food security, and threatens to force a wholesale abandonment of the agricultural sector. Already, farmers and peasants are emigrating in growing numbers from the countryside into the cities, swelling the slums, or so-called "misery belts," that surround Colombia's major urban centers, or accepting the tempting offers of the narco-terrorists to join their subversive ranks.

The seriousness of the crisis in agriculture can be seen in official statistics. In 1989, Colombia imported 500,000 tons of food; in 1992, the nation imported nearly 2 million tons of food.

Simultaneously, the area under crop cultivation is declining. Since 1991, the area under cultivation for all crops has fallen by 300,000 hectares, representing 10% of total cropland. This process is now accelerating. In the first half of 1992, seasonal crops saw a drop in area under cultivation of 161,113 hectares compared to the area under cultivation two years earlier. By the second half of 1992, cropland had fallen 261,668 hectares compared with the same period in 1990. Production tonnage is falling by similar percentages.

Failure to support Colombia's agricultural producers with subsidized input costs, parity prices, and cheap, plentiful credit has gone hand-in-hand with Gaviria's open-door policy to foreign imports. For example, the area financed by the agriculture sector's official lending agency Finagro fell a whopping 40%, from 713,878 hectares in 1991 to a mere 436,706 hectares in 1992. The shrinkage in available credit, in real terms, was approximately 25%.

The unavailability of affordable credit is not only forcing farmers to abandon their land, but is causing a dramatic unemployment problem. There are some regions of the country, especially the impoverished Atlantic Coast region, where agricultural employment is 70%. This socio-economic crisis in the agricultural sector is, of course, having its impact on industry as well. Most of the industrial associations today admit that Colombia is in a recession, and that a major causal factor is the lost buying power of rural producers.

The destruction of Colombian agriculture has been deliberate. In 1985, the World Bank gave Colombia a $200 million loan to "modernize" its agricultural sector. Among the conditions for that loan were the elimination of agricultural development credit, which was dubbed a "subsidy" representing "disloyal competition"; that the national agricultural merchandising agency (Idema) in charge of overseeing commerce in food, abandon its regulatory role to permit a true "free market" to reign; and that restrictions on food imports be eliminated and import tariffs lowered.

These conditions began to be applied in earnest as of 1991, when the Gaviria government eliminated import restrictions in every category. At that point, the World Bank added an additional condition, which Gaviria willingly accepted, namely that the Caja Agraria, the state bank responsible for providing credit to growers, be completely "restructured."

The loans offered by the Caja Agraria lost their preferential character as "development credit," and became nothing more than ordinary bank credit. Gaviria then moved to sell off the Caja Agraria's warehouses of machinery and inputs, and began to liquidate all of its regional and local branches which were not showing profits. Such local branches tended to correspond to those areas of the country which had the greatest infrastructural deficiencies in terms of transport and merchandising.

Gaviria also ordered the merchandising agency Idema to stop buying up crops, and froze all support prices, the minimum price which Idema sets for the purchase of crops to prevent usurious merchants from buying crops from desperate farmers for next to nothing. With Idema no longer buying up crops, the frozen support prices became symbolic rather than real. Since 1991, those support prices have declined in real terms by more than 40%.

The question of guaranteeing food security for one's nation was addressed by the president of Fenalce, Adriano Quintana, in the conclusion of a recent interview he granted to *EIR*. "Our food cannot depend on the Mississippi or on a good U.S. crop year, nor on whether they want to sell us food or not, nor on imports from Argentina. So our argument is that food security is not achieved by depending on imports, but by developing national production," he said.