

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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PROVISIONAL ACCESSION OF COLOMBIA

Memorandum on Foreign Trade Régime

The Government of Colombia has submitted the following memorandum describing its foreign trade régime.

In order that the matter may be examined by the Working Party (L/4010), contracting parties are requested to communicate to the secretariat by 12 July 1974, any questions they may wish to put concerning the matters dealt with in the memorandum, for transmission to the delegation of Colombia.

## I. FOREIGN TRADE OF COLOMBIA SINCE 1962

Colombia's trade has increased appreciably since 1962, from US\$943 million in that year to US\$1,694 million in 1972.

Two relatively distinct stages can be observed during this period: the first, lasting until 1967, is characterized by major variations in the annual trade figures; the second, starting in 1968, shows a sustained growth in overall trade.

The primary cause of the fluctuations during the first stage was the instability of receipts derived from exports of coffee, due to wide variations in both the price and volume of exports of this product which, during this period, accounted for over 70 per cent of Colombia's total exports.

The sustained increase in foreign trade during the second stage was due, in particular, to the strong upswing of non-traditional exports since 1968 and to the steps taken, in respect of international trade and imports, in order to ensure adequate control of the structural disequilibrium of the balance of payments and better use of foreign exchange availabilities.

Despite this sustained increase in both imports and exports in recent years, Colombia's share of world trade, which amounted to 0.34 per cent in 1962, fell to 0.25 per cent in 1971. This represents a reduction of 26.5 per cent in our share of world trade.

### A. EXPORTS

Coffee takes a prominent place among Colombia's exports. In recent years, the share of coffee in total exports has declined from 82.5 per cent in 1962 to 51.6 per cent in 1972; this has been possible because of the promotion of "new exports", i.e. those other than coffee.

Variations in the coffee prices and the inelasticity of demand for some agricultural products have a considerable influence on the value of our exports.

In 1970, our exports amounted to \$677 million. In 1972, they increased to \$835 million and they are expected to have exceeded \$1,100 million in 1973.

The increases of the past two years are due, in particular, to the implementation of a Four-Year Export Plan started in 1972, which, by means of credit and fiscal incentives, together with technical assistance and foreign

promotion services, is aimed at increasing exports of selected product groups, such as non-traditional agricultural products, meat, minerals, chemical and petro-chemical products, metal-engineering products, textiles, leather and footwear.

Colombia's exports go mainly to the United States, the EEC, LAFTA, the Andean Group, Spain and Japan.

#### B. IMPORTS

Colombia's imports have traditionally been determined by export receipts and by its needs for raw materials and capital goods of foreign origin.

During the period 1962 to 1972, Colombia's purchases increased substantially, from US\$540.4 million worth of imports in 1962 to US\$858.9 million in 1972.

Towards the end of 1973, the Government of Colombia, taking into account the favourable situation of our exports in that year and the scarcity and increased price of certain raw materials, adopted a policy of greater liberalization of imports.

To this end, the list of products prohibited for import was abolished and the customs duties on a large number of products were considerably reduced.

Thus, it is hoped that imports will increase to satisfy the Colombian economy's needs for capital goods and its monetary requirements.

In percentage terms, imports of raw materials have tended to outweigh those of other goods. Nevertheless, this trend has changed in recent years, in that capital goods are now a significant item among Colombia's acquisitions. Thus, in 1969, 46 per cent of imports consisted of raw materials, 42.5 per cent of capital goods and 10.1 per cent of consumer goods. In 1970, 44.2 per cent corresponded to capital goods, 43.8 to raw materials and 10.9 per cent to consumer goods.

As to the geographical origin of Colombia's imports, a large part of these come from the United States. Other countries and geographical and economic areas are also becoming important suppliers for Colombia, notably the EEC, Japan, Spain, LAFTA and the Andean Group.

C. TRADE BALANCE

Colombia's trade balance has traditionally shown a deficit. The vulnerability of our exports and our increasing import needs are factors that affect the unfavourable situation of our trade balance.

During the period 1962 to 1972, our deficit reached different levels, the highest being those for the years 1966 and 1971, when it rose to US\$238.2 and US\$285.2 million respectively.

Colombia's trade balance has always shown a deficit with almost all the developed countries, in particular with the United States and Japan.

II. COLOMBIA'S TRADE POLICY

A. ASPECTS OF EXCHANGE AND FOREIGN TRADE POLICY

In 1967, Colombia's trade policy embarked on a new stage with the system of International Exchanges and Foreign Trade, the central aim of which is to promote the country's economic and social development and exchange equilibrium by the following means:

- (a) promotion and diversification of exports;
- (b) appropriate use of foreign exchange;
- (c) control of demand for foreign exchange, particularly in order to prevent the flight of capital and speculation;
- (d) encouragement of investment of foreign capital consistently with the general interests of the national economy;
- (e) repatriation of capital and establishment of regulations governing Colombian investments abroad;
- (f) attainment and maintenance of reserves at a level sufficient for the normal handling of international exchanges.

1. Exchange control. All foreign exchange operations are subject to government control. They include current transfers, the payment of services and transfers of capital.

This policy includes, inter alia, the following aspects:

- The restrictions on payments abroad of imported goods, freight charges and other current transactions may be relaxed when the country's balance-of-payments situation permits.

- Possession and negotiation of gold and foreign exchange are subject to special regulations, and receipts in foreign currency must be sold to the Bank of the Republic or exchanged in this institution for "Exchange Certificates" depending on each specific case. Foreign exchange may be obtained only for economic or socially useful purposes after issue of the relevant exchange licence.
- The above-mentioned rule for negotiating foreign exchange with the Bank of the Republic applies in particular to receipts of the following kind:
  - (a) those deriving from the export of goods and services;
  - (b) those intended to be invested or to cover costs in the country;
  - (c) those deriving from activities carried on in Colombia or from goods located in Colombian territory;
  - (d) those deriving from Colombian capital invested abroad.
- Foreign exchange may be obtained for the payment abroad of the following items:
  - (a) authorized merchandise;
  - (b) freight costs for imports;
  - (c) crude petroleum for refineries;
  - (d) services useful to the country;
  - (e) obligations of public corporations;
  - (f) costs pertaining to export trade;
  - (g) students' expenses;
  - (h) servicing of private debts;
  - (i) the external debt of the Bank of the Republic and the Coffee Planters' Federation;
  - (j) remittances of profits and reimbursement of capital;
  - (k) such other items as may be determined by the Monetary Board.

- Imports may be limited by the prior licensing requirement when the government considers it advisable, for the purpose of achieving the following aims:
  - (a) to adjust future demand for foreign exchange;
  - (b) to restrain non-essential consumption;
  - (c) to co-ordinate import policy with economic and social development plans.
- Lastly, there exists a special régime, subject to the principles of international law, for diplomats accredited to the Government of Colombia.

## 2. Exports

General rules: The export of Colombian products is free, subject to the limitations or prohibitions laid down by international law or conventions in force.

However, the Foreign Trade Council may regulate the export of certain products; determine the degree of working or processing which certain products must attain in order to be exported; impose temporary restrictions on the export of essential articles which, in certain economic conditions, cannot be substituted by others produced locally or abroad; lay down standards in respect of quality, packaging, marks and other requirements; limit or prohibit the export of articles needed to ensure domestic supply; impose restrictions with a view to protecting flora, fauna and non-renewable natural resources.

In November 1973, in pursuance of this authority and because of supply shortage at home or abroad, the Foreign Trade Council suspended exports of certain commodities in the national interest. Likewise, it ordered that the export of other commodities be subject to prior approval by the Colombian Institute of Foreign Trade (INCOMEX).

### Exports of coffee

Contracts for the sale of coffee must be registered with the INCOMEX, which has authority, at the request of the Coffee Planters' Federation of Colombia (FEDECAFE), temporarily to suspend or limit the registration of such contracts. This does not empower it to draw up individual export quotas.

There are also time-limits for the export of coffee as from the date of registration of the relevant contracts; fines for non-fulfilment and contributions in beans to the National Coffee Fund, in order to regulate domestic and external prices of this product in view of the great importance of such exports for the country's economy.

### Re-exportation

Apart from the requirements for export, in order to obtain permission to re-export goods, it must be proved to the INCOMEX that these cannot be economically used within the country, that their sale price is suitable and that the foreign currency desired from their export will be handed over to the Bank of the Republic to be exchanged for exchange certificates.

### Tax incentives to exports

Exporters of products other than petroleum and derivatives thereof, raw cattle hides and coffee receive a so-called Certificate of Tax Receipt (CAT), which corresponds to 15 per cent of the total value of the receipts from the export concerned, as an incentive for such exports. Since 1 January 1974, exports of timber, tanned hides and skins, platinum, emeralds, dairy products and their derivatives, as well as products and sub-products of tropical fauna, except for ornamental fish, also carry entitlement to a CAT corresponding to only 1 per cent.

The certificates of tax receipt are freely negotiable, exempt from any sort of tax and may be used for the payment of income tax, sales tax and customs duties.

### Special systems to promote exports

The Colombian Government has provided special incentives for imports of raw materials and other inputs, machinery and equipment used in the manufacture of exportable articles and products. Benefits are obtained by the drawing up of contracts in which provision is made for exemption from prior deposits, licences, consular fees and customs duties. The contracts are processed by the Colombian Institute of Foreign Trade.

These contracts, usually called the "Vallejo Plan", are of various kinds and include:

- Contracts for producing entrepreneurs or export firms for the import of inputs,
- Contracts for entrepreneurs producing intermediary goods and export firms for the import of inputs,
- Contracts with producers of articles whose import is duty free,
- Contracts for producers for the import of machinery and equipment to be used to manufacture articles for export,
- Contracts when foreign financing is obtained for the setting up and expansion of firms manufacturing goods for export.

### 3. Imports

General rules. Imports of goods of any kind must be registered with INCOMEX and a licence must be issued by this same body for the import of merchandise not freely importable. Unless these requirements are met, consular endorsement of the relevant documents is withheld and the goods cannot be cleared through customs.

It is the responsibility of the Foreign Trade Council to draw up and modify the list of goods which can be freely imported and of those subject to prior licensing. At present, there are no goods prohibited for import.

#### Free importation

Goods needed for domestic consumption but which are not produced in the country or not produced in sufficient quantity to satisfy internal demand, can be freely imported.

The importation of goods included in this list is not subject to prior authorization from the Import Board of INCOMEX; this approval is granted automatically when the application is registered. The Board is entitled to ask for the necessary information to confirm that the prices mentioned in the registration do not involve any illegal transfer of capital abroad.

#### Prior licensing

The import of goods included in the prior licensing list is subject to permission from the Import Board of INCOMEX, which can approve it entirely or in part, postpone a decision on the matter or refuse permission to import.

In considering import applications, INCOMEX, through the Import Board, takes into account the following circumstances:

- (a) The degree of importance of the goods to which the application refers for meeting the consumption needs of the population and maintaining or increasing the level of employment.
- (b) The contribution of these imports to promoting and diversifying exports and the beneficial effect that these can have on the country's balance of payments.
- (c) The net saving in foreign exchange which might be achieved by import substitution.
- (d) Whether domestic production is supplying demand in the region for which the goods concerned are intended and whether it is necessary to protect the consumer from abuses in respect of prices and qualities.



- (e) The urgency of helping the development of industries in particularly depressed areas by importing suitable raw materials even when the goods imported are produced in the country.
- (f) In the case of articles which are not produced in the country, account is taken of the greater or lesser scarcity thereof and the degree of need for them. Account is also taken of the selling price to the consumer compared with the costs of importation and admission.
- (g) The volume of stocks in the possession of the importer as compared with the total requirements of his undertaking.
- (h) The value of the import licences for the same article applied for by the importer over a given period as compared with his applications for earlier orders.

#### Security deposit for payments abroad

In order to obtain exchange licences for the payment of imports, importers must, before registering the import of goods or applying for a prior licence, deposit an amount in national currency equivalent to 40 per cent of the total value of the goods registered and payable at the exchange certificate rate prevailing on the day of the deposit. This percentage must be regarded as the minimum and can be greater if the importer so desires. For these deposits, banks will issue to the importer a document in foreign currency, called a "Security Deposit for Payments Abroad", for an amount equivalent to the value of the pesos deposited.

The importer may use the security document at any time to pay part of the import either through the system of advance payments or through that of payment subsequent to admission of the goods into the country. All or part of it may also be used to pay for imports already admitted, other than those included in the registration in respect of which the deposit was made.

These documents are not negotiable, they are not interest-bearing and they are valid for six months. If they are not used, the Bank of the Republic buys them back at the rate of exchange that obtained on the day the deposit was made.

The following imports inter alia are excepted from the deposit requirement:

- (a) Unrequited imports.
- (b) The unrequited imports specified hereinafter:

- Those of foodstuffs as determined by the Foreign Trade Council.
- Those of raw materials and articles needed for agriculture as determined by the Foreign Trade Council.
- Those of books falling within Chapter 49 of the customs tariff as determined by the same Council.
- Those carried out within the framework of special import/export systems.
- Those carried out by official bodies which have credits abroad, with an amortization term of not less than five years, including one year of grace.
- Those originating in and imported from member countries of the Sub-regional Integration Agreement of the Andean Group.
- Those from Spain financed with resources from the Revolving Fund provided for in the Compensation Agreement which Colombia signed with Spain.
- Some of those from countries with which Colombia has concluded Compensation Agreements.
- Those carried out by firms located in regions that are clearly backward economically within the country.

Additional taxes on imports

- A tax earmarked for the Export Promotion Fund. A tax equivalent to 1.5 per cent of the c.i.f. value of goods imported is levied in order to provide resources for the Export Promotion Fund (PROEXPO).

The exchange rate for the payment of this said tax is to be the same as that fixed by the Finance Ministry for payment of ad valorem customs duty.

No import may be admitted until the above-mentioned tax has been paid.

The following are exempt from this tax: government and diplomatic imports, some gifts, imports carried out within the framework of the special systems mentioned above and those from member countries of the Latin American Free Trade Association.

- A tax to be used to solve the problems of coffee. For the purpose of solving the problems created by the regulations in force on the coffee market, a tax has been established equivalent to one and one-half per cent (1.5 per cent) of the c.i.f. value of imports into the country.

The imports listed in the preceding section are likewise exempt from this tax.

#### Consular invoice authentication tax

The Bank of the Republic collects the tax of 1 per cent on the authentication of consular invoices, which is payable at the time when import registration is made and is payable in Colombian legal currency at the capital market rate. This tax is payable at the exchange rate periodically fixed by the Ministry of Finance for payment of ad valorem customs duties.

Imports carried out by government bodies are the only exemptions from this tax.

#### 4. Services

Receipts and expenditures in foreign exchange derived from such services as transport, insurance, banking activities; personal, official, information, student, tourist and resident services, royalties, marks and patents and radio, film and television services must be transacted through the Bank of the Republic at the capital market rate within the time-limits fixed by the Monetary Board.

The Board may decide to grant exceptions to the preceding point for firms which so require, because of the nature of their business.

Foreign exchange can be acquired on the capital market for payment of services which have to be defrayed in foreign currency. The Monetary Board lays down rules in respect of the amount of such payments and the conditions which must be met in order for them to be authorized.

All payments to be made in foreign currency in respect of freight charges for imports, exports or coastal trade must be made through the capital market.

Payments through the capital market may be authorized to defray freight charges in respect of merchandise going to free zones, subject to a prior deposit to ensure reimbursement of the value of the freight costs if the merchandise is re-exported.

Premiums on insurance and re-insurance contracts and insurance companies' applications to make transfers must be approved by the Banking Superintendence. Likewise, insurance companies' applications to make payments to their foreign re-insurers will be authorized if these payments are covered by automatic re-insurance agreements.

Contracts in foreign currency for the payment of services of a technical, scientific, artistic or any other nature are subject to special requirements.

In order to obtain the right to make payments abroad for royalties, commissions or the use of marks, patents and the like, a person must register such payments with and obtain the approval of a special committee already set up for this purpose.

#### 5. Capital

The Colombian capital system used to cover the various aspects in respect of investment of foreign capital, loans in foreign currency to private persons, the national external debt, investment of Colombian capital abroad and gifts in foreign currency. As from September 1973, however, under Decree No. 1,900, the Common Régime concerning Foreign Capital and Marks, Patents, Licences and Royalties established under Decisions 24, 36 and 37A of the Commission of the Cartagena Agreement was put into effect in the country.

For this reason, one must refer to that Régime in order to ascertain the legislation in force in Colombia and the other countries of the sub-region. The Government is at present examining implementing regulations for the Régime which will regulate the movement of foreign capital in the country.

#### 6. General provisions of the Customs Tariff

##### Nomenclature

Since 1964, Colombia has been using the Brussels Tariff Nomenclature (BTN). In pursuance of Law No. 6 of 1971 which established the possibility of updating or restructuring the customs tariff to take account of the country's economic development, the Colombian Government brought into effect, under Decree No. 1484 of July 1973, a new customs tariff based on the Common Tariff Nomenclature of the member countries of the Andean Sub-Regional Integration Agreement, known as "NABANDINA".

This Common Nomenclature, which still retains the first four digits of the BTN, facilitates the proper functioning of the mechanisms established by the Sub-Regional Agreement, and in addition affords broader bases for harmonizing the instruments regulating foreign trade.

### Duties

The duty rates given in the new Colombian tariff include ad valorem duty rates which must be paid in the legal currency of Colombia.

### Maximum tariff

The duties appearing in the Tariff are those of the General Tariff; however, goods originating in or coming from countries applying to the Republic of Colombia a treatment less favourable than that which they apply to other countries or prejudicial to the vital interests of the nation, may be subject to the maximum tariff, when it is so expressly and jointly decided by the Ministries of External Relations and of Finance and Public Funds.

The Maximum Tariff is to consist of the following:

- (a) In the case of dutiable goods: A surcharge equal to the duty appearing in the General Tariff, with a minimum of 30 per cent ad valorem;
- (b) In the case of goods free of duty under the General Tariff: An import duty of 30 per cent ad valorem.

### Packings

Packings are dutiable at the rates applicable to the goods they contain. However, packings neither usual nor common and having a separate trade value must pay the duty imposed thereon in the Tariff, according to kind.

Packings used to import goods of little value, with the sole object of evading the relevant duties must pay the duty payable thereon under the Tariff, and not the duty laid down for the goods contained therein.

### General rules for the classification of goods

Rules are provided for the interpretation of the Tariff Nomenclature together with specific rules in respect of parts; assembly; groups of articles, wrappers, accessories; composite articles, and marks.

The special rules in respect of the above-mentioned items are of general application without prejudice to any provisions to the contrary contained in the Tariff.

### Explanatory notes

The explanatory notes to the BTN and any amendments made thereto by the Brussels Customs Co-operation Council are to be taken as the interpretative rules for the Colombian tariff. The Tariff Department of the General Customs Directorate must complete the aforementioned notes and draw up the notes corresponding to sub-headings established in the Colombian tariff.

### Validity of customs classifications

When goods are not named or clearly specified in the Customs Tariff or in the explanatory notes thereto, the General Customs Directorate determines, by means of the Customs classification, the heading relevant to such goods, in accordance with the general rules of the nomenclature relative to the kind, manufacturing processes, use, purposes, packaging and other factors, established by the general provisions of the Tariff and the explanatory notes thereto.

### 7. Consular invoice

This document has to be drawn up by the exporter or his customs agent and endorsed by the Colombian consular representative. The relevant form is issued by the consulates.

The consular invoice contains a declaration of the goods and must substantially correspond to the wording of the Tariff, to the classifications established by the Tariff Department of the General Customs Directorate, or to the instructions given by the latter in this respect and must contain, separately, particulars in respect of the price of the goods in the country of purchase, the cost of freight and insurance covering transport of the goods to the point of entry, and all other costs to be taken into account for establishing the dutiable value.

## B. ASPECTS OF ECONOMIC INTEGRATION

Since 1967, Colombia has been a party to the Montevideo Treaty which established the Latin American Free Trade Association (LAFTA). Since 1969, within the framework of LAFTA and under the Cartagena Agreement, the Andean countries have initiated a process of integration and liberalization of trade which is more rapid than that provided for the free-trade area.

### 1. LAFTA

Within the framework of LAFTA, Colombia undertakes through its national schedule to grant concessions to the other ten members of the free-trade area. A margin of preference is therefore established in respect of third countries which has to be respected. In addition, there are some special concessions, or advantages not extended to all the parties, in favour of the relatively less-developed countries, which are Bolivia, Ecuador, Paraguay and Uruguay.

In the field of industrial integration, there are the so-called "complementarity agreements" within LAFTA; obligations taken on in pursuance of these are extended only to the countries that are parties to the particular agreement and to the relatively less-developed countries.

Colombia is a party to only two complementarity agreements: one concerns the chemical industry and the other the petro-chemical industry.

## 2. Cartagena Agreement

Within the more rapid integration system provided for under the Cartagena Agreement, Colombia has taken on various commitments which are extended only to the countries comprising the Andean Sub-Regional Group, that is, Bolivia, Chile, Ecuador, Peru and Venezuela.

### (a) Trade liberalization

Trade is being liberalized through the following procedures:

#### - Automatic liberalization

On the products included in this list (Resolution 52 of the Cartagena Agreement), customs duties are being reduced at a rate of 10 per cent annually as from the starting point of tariff reduction established in accordance with the lowest tariff level for each of the products concerned in May 1969. In Colombia, Chile or Peru this modality is applied for these three countries, and trade in these products will thus be entirely duty free by 1980. For Bolivia and Ecuador, the tariff reduction is proceeding at a more rapid pace, by three annual reductions of 40 per cent, 30 per cent and 30 per cent, so that the duties will be entirely eliminated on 31 December 1973. All restrictions affecting products in this list were abolished as from 31 December 1971.

#### - First stage of the LAFTA common schedule:

The products included in the LAFTA common schedule were fully liberalized by Colombia 180 days after the entry into force of the Agreement (April 1970).

#### - Liberalization of products not produced in the sub-region:

On these products, as determined in pursuance of Resolution No. 26 of the Commission, all restrictions and duties were eliminated as from 28 February 1971.

- Immediate relaxation in respect of Bolivia and Ecuador:

In pursuance of Article 97(b) of the Cartagena Agreement, Colombia liberalized as from 1 January 1970, in respect of Bolivia and Ecuador, the products falling within Resolution No. 29 of the Commission.

- Reduction of duties on products included in sectoral industrial development programmes.

There is a time-limit of 31 December 1975 for drawing up these programmes. Each of them will make provision for specific liberalization mechanisms for the products included therein. While the programmes are being negotiated, trade in the products earmarked for this purpose (Resolution No. 25 of the Commission) will continue to be effected as prior to the entry into force of the Agreement.

Articles not covered by any programme in 1975 will be liberalized through five annual reductions of 5 per cent, 10 per cent, 15 per cent, 30 per cent and 45 per cent respectively. For Bolivia and Ecuador, this will be immediate.

#### b. Common External Tariff

This will be introduced in two stages, the Common Minimum External Tariff and the Common External Tariff.

- Common Minimum External Tariff (CMET)

Colombia is to adopt the CMET, which was approved under Resolution No. 30 of the Commission, through five annual approximations as from 31 December 1971, so that the CMET will be fully in effect as from 31 December 1975.

- Common External Tariff (CET)

The CET must be approved by the Commission before 31 December 1975. Colombia is to implement the process of approximating its tariff to the CET through five annual stages as from 31 December 1975, so that the CET will be fully in effect as from 31 December 1980.

Specific rules applicable to the CMET and the CET will be included in the sectoral industrial development programmes.

#### c. TRADE UNDER COMPENSATION AGREEMENTS

Colombia has signed trade and payments agreements, providing for trade in goods through compensation arrangements, with the following countries: Spain, Poland, German Democratic Republic, Romania, Hungary, Bulgaria and Yugoslavia.



The agreement with Yugoslavia is of a private character and was signed between the Coffee Producers' Federation and the Yugoslav Foreign Trade Enterprise (INTERTRADE). The agreements in force with Spain, Bulgaria, Poland and Romania are at government level, while those in force with the GDR and Hungary were signed by the Bank of the Republic for Colombia and by the Ministry of Foreign Trade for each of the other signatories. The agreement at government level with the GDR is in course of ratification by the Colombian Parliament.

The structure of Colombia's trade with countries with which it has compensation agreements is less advantageous for our country; exports comprise products of agricultural origin and to a less extent goods at an early stage of processing; our imports consist almost entirely of capital goods and other manufactures.

Colombia's interest in signing bilateral compensation agreements was initially to broaden markets for our principal export product, which is coffee. Nevertheless, in recent years exports to these countries have become more diversified, including other primary products such as bananas, tobacco, cotton, sugar and meat.

Colombia's trade balance, in particular with the socialist countries with which it has compensation agreements, has constantly been in surplus and this has naturally affected the slow growth of our trade with these countries.

### III. INSTITUTIONAL STRUCTURE OF COLOMBIA'S FOREIGN TRADE

The bodies and institutions responsible for orientating, directing and promoting Colombia's foreign trade are the following: the Foreign Trade Council, the Colombian Institute of Foreign Trade (INCOMEX), the Joint Commission, the Export Promotion Fund (PROEXPO), the Monetary Board, the National Council on Tariff Policy and the General Directorate of Customs.

#### A. FOREIGN TRADE COUNCIL

This Council is the supreme body dealing with Colombia's foreign trade and its main function is to promote Colombia's trade policy.

In addition to the general function assigned to the Council, it is also responsible for the following, inter alia: co-ordination of trade policy with the country's other economic instruments; studies of problems of economic integration with a view to harmonizing policies in respect of trade, monetary matters and foreign investments; to approve trade agreements entered into by government bodies so empowered, to give its opinion in advance on any international agreements entered into by the government and or international treaties which have to be submitted to Congress for approval; to regulate investment of Colombian capital abroad; to draw up and modify the lists of free, prior registration and prohibited imports; to give its views on problems of international transport and make recommendations thereon.

B. COLOMBIAN INSTITUTE OF FOREIGN TRADE (INCOMEX)

The main task of this Institute is to carry out the Government's foreign trade policy, for which purpose it works in close co-operation with the other government bodies engaged in similar or complementary tasks. It also carries out the following functions: to make recommendations to the Government on foreign trade policy; to lay down export targets and programmes; to carry out import policy; to prepare the list of free, prior registration and prohibited imports; to undertake the studies required for the participation of Colombia in LAFTA and the Andean Group and other multinational bodies of an economic and commercial character; to analyze trade with third countries, and evaluate its position in bilateral and multilateral trade agreements; to control international prices of imports and exports.

C. JOINT COMMISSION FOR FOREIGN TRADE

This Commission is composed of the Foreign Trade Council and representatives of the private sector; as an advisory body to the Government, it examines foreign trade policy and the development of such trade and makes recommendations in this respect.

D. EXPORT PROMOTION FUND (PROEXPO)

The main function of the Export Promotion Fund is to diversify and expand exports; it grants loans and finances studies on export promotion and diversification; it gives assistance on a continuing basis to exporters and furnishes information on possibilities in foreign markets; it organizes seminars, sends samples to foreign markets and encourages participation by Colombia in international fairs and exhibitions; it organizes export insurance schemes.

E. MONETARY BOARD

This Board was established in order to regulate the money market and formulate Colombia's monetary and exchange policy. Its functions include the following: to determine for which activities foreign exchange can be purchased for payments abroad; to regulate operations effected with exchange certificates; to regulate the purchase and sale of gold by the Bank of the Republic; to lay down rules for deposits in foreign currency in Colombia or abroad; to regulate the granting of guarantees or sureties for obligations in foreign currency; to draw up the budget for the country's foreign exchange receipts and expenditure and to authorize the financing of international reserves.

F. NATIONAL COUNCIL ON TARIFF POLICY

The Council was set up in order to centralize in a single body the formulation of Colombia's tariff policy.. Its principal functions are: to amend customs tariffs on imports and exports within certain limits prescribed by the Constitution and the national legislation, if the rates are deemed excessive or inadequate having regard to the country's economic needs; to make such reforms as are deemed necessary in the nomenclature of goods for import; to express views on the customs and tariff aspects of foreign trade agreements and treaties which the country is intending to sign.

G. GENERAL DIRECTORATE OF CUSTOMS

The General Directorate of Customs, which is under the authority of the Ministry of Finance, is the body responsible for interpreting the customs and tariff legislation, supervising compliance with it throughout the country, and also collecting tariff and other similar charges for which it has been given responsibility.

Table 1  
COLOMBIA'S TRADE 1962-1972  
(in US\$ million)

Year	Total trade	Exports <sup>1/</sup>	Imports	Trade balance
1962	943.2	402.8	540.4	- 137.6
1963	873.3	367.3	506.0	- 138.7
1964	1,058.1	471.8	586.3	- 114.5
1965	904.4	450.9	453.5	- 2.6
1966	1,110.0	435.9	674.1	- 238.2
1967	945.6	448.7	496.9	- 48.2
1968	1,171.7	528.4	643.3	- 114.9
1969	1,236.1	550.8	685.3	- 134.5
1970	1,520.1	677.1	843.0	- 165.9
1971	1,573.7	644.3	929.4	- 285.1
1972	1,693.5	834.6	858.9	- 24.3

<sup>1/</sup> Not including crude petroleum.

Source: National Statistical Department (DANE).

Table 2  
COLOMBIA'S EXPORTS (1962-1972)  
(in US\$ million).

Year	Total <sup>1/</sup> exports	Coffee exports	%	Minor exports	%
1962	402.8	332.2	82.5	70.6	17.5
1963	367.3	303.0	82.5	64.3	17.5
1964	471.8	394.4	83.5	77.4	16.5
1965	450.9	343.9	76.3	107.0	23.7
1966	435.9	328.3	75.3	107.6	24.7
1967	448.7	322.4	71.9	126.3	28.1
1968	528.4	351.4	66.5	177.0	33.5
1969	550.8	343.9	62.4	206.9	37.6
1970	677.1	459.0	67.8	218.1	31.2
1971	644.3	395.4	61.9	248.9	38.1
1972	834.6	430.4	51.6	404.2	48.4

<sup>1/</sup>Not including crude petroleum.

Source: 1962-72 DANE.

Table 3  
COFFEE EXPORTS

Year	Gross tons	F.o.b. value (US\$ million)	% of total exports
1962	393,757	332.2	82.5
1963	367,998	303.0	82.5
1964	384,784	394.4	83.5
1965	338,059	343.9	76.3
1966	337,282	328.3	75.3
1967	368,803	322.4	71.9
1968	398,568	351.4	66.5
1969	391,921	343.9	62.4
1970	387,135	459.0	67.8
1971	393,036	395.4	61.9
1972	391,706	430.1	51.6

Source: 1962-71 DANE.  
72 Colombian Coffee Producers' Federation.

Table 4  
MINOR EXPORTS \*  
1962-1972

Year	Gross tons	Value (US\$ '000)	% of total exports	US\$/ton
1962	1,272,603	70,819	17.5	55.64
1963	911,239	64,208	17.5	70.46
1964	1,299,670	77,855	16.5	59.90
1965	1,639,376	107,074	23.7	65.31
1966	2,008,173	107,650	24.7	53.60
1967	2,321,417	126,339	28.1	54.42
1968	2,689,285	176,955	33.5	65.80
1969	3,307,052	206,923	37.6	62.57
1970	2,608,267	210,297	31.1	80.62
1971	2,519,546	243,380	37.8	96.59
1972	-	404,200	48.4	

Source: DANE.

\* Excluding coffee

Table 5  
COLOMBIA'S EXPORTS BY DEGREE OF PROCESSING  
(Excluding coffee)  
(in US\$'000)

Year	Primary products	%	Manufactures and semi-manufactures	%
1960	32,393	61.9	19,938	38.1
1961	38,563	66.3	19,838	33.7
1962	44,589	62.9	26,210	37.1
1963	41,006	61.7	25,446	38.3
1964	36,867	46.7	42,078	53.3
1965	53,533	50.0	53,541	50.0
1966	45,363	42.2	62,287	57.8
1967	63,784	50.5	62,555	49.5
1968	89,391	52.1	81,112	47.9
1969	109,500	52.8	97,423	47.2
1970	109,039	52.8	97,201	47.2

Sources: Bank of the Republic.



Table 6

## COLOMBIA'S EXPORTS BY USE OR ECONOMIC DESTINATION

	1970		1971		1972	
	US\$ million	%	US\$ million	%	US\$ million	%
I- Consumer goods						
Non-durable	50.7	7.4	69.5	10.6	116.2	13.8
Durable	47.0	6.9	63.8	9.8	105.9	12.6
	3.7	0.5	5.7	0.8	10.3	1.2
II- Raw materials and intermediate products	611.3	89.7	557.5	85.3	687.3	81.5
Fuels, lubricants and related products	0.5	0.1	0.6	0.1	1.1	0.1
For agriculture	8.4	1.2	10.0	1.5	13.8	1.6
For industry	602.4	88.4	546.9	83.7	672.4	79.8
III- Capital goods	18.7	2.7	20.8	3.2	28.5	3.4
Construction materials	11.7	1.7	11.6	1.8	15.8	1.9
For agriculture	0.8	0.1	1.2	0.1	1.7	0.2
For industry	3.6	0.5	4.4	0.7	7.8	0.9
Transport equipment	2.6	0.4	3.6	0.6	3.2	0.4
IV- Miscellaneous	1.4	0.2	5.2	0.9	10.9	1.3
TOTAL	682.1	100%	653.7	100%	842.9	100%

Source: Bank of the Republic.

## NOTE:

A difference may be seen between the statistical data on foreign trade furnished by the Bank of the Republic and those of the National Statistical Department. The former are based on import declarations or licences that are approved and may subsequently be amended, used only in part or not at all, and which are in terms of the f.o.b. value. The DANE data are based on import manifests and are expressed in terms of the c.i.f. value.

Table 7  
PRINCIPAL PRODUCTS EXPORTED BY COLOMBIA  
1970-1972

(in US\$ million)

Products	1970	1971	1972
Coffee	459.0	395.4	430.4
Cotton	45.7	46.9	78.9
Sugar	15.1	17.5	31.5
Mineral fuels	14.6	24.3	34.5
Bananas and other fruit	18.2	15.3	14.5
Meat and edible offals	4.7	12.3	24.4
Live animals	17.8	16.6	14.3
Tobacco	7.2	9.2	10.2
Hides, skins and leather	6.3	6.0	16.6
Precious stones	15.4	10.5	5.1
Wood	5.4	5.2	8.0
Fish, crustaceans and molluscs	4.8	5.9	9.9
Food industry residues	6.3	5.3	8.7
Salt, gypsum, lime and cement	3.5	3.3	5.9
Man-made textiles	3.8	3.9	3.8
Glass and glass manufactures	4.2	3.8	4.1
Sub-total	632.0	581.4	700.8
Other exports	45.1	62.9	133.8
TOTAL	677.1	644.3	834.6

Source: 1970-72 DANE.

Table 8  
COLOMBIA'S TOTAL IMPORTS 1962-1972

Year	Gross tons	Value (US\$ million)
1962	1,425,971	540.4
1963	1,149,680	506.0
1964	1,495,492	586.3
1965	1,074,485	453.5
1966	1,804,248	674.1
1967	1,225,624	496.9
1968	1,492,110	643.3
1969	1,720,455	685.3
1970	1,837,395	843.0
1971	2,348,822	929.4
1972	1,883,079	858.9

Source: DANE.

Table 2

COLOMBIA'S IMPORTS BY USE OR ECONOMIC DESTINATION

	1970		1971		1972	
	US\$ million	%	US\$ million	%	US\$ million	%
I- Consumer goods	92.7	10.2	88.0	11.1	113.0	12.4
Non-durable	49.3	5.8	49.0	6.2	61.0	6.7
Durable	43.4	5.1	39.0	4.9	52.0	5.7
II- Raw materials and intermediate products	369.4	43.8	356.0	44.8	434.0	47.7
Fuels, lubricants and related products	1.2	0.2	7.2	0.9	6.0	0.7
For agriculture	8.4	1.0	9.0	1.1	23.0	2.5
For industry	359.8	42.6	340.0	42.8	405.0	44.5
III- Capital goods	372.5	44.2	344.0	43.2	355.0	38.9
Construction materials	20.4	2.4	14.0	1.7	11.0	1.2
For agriculture	13.1	1.6	7.0	0.9	11.0	1.2
For industry	196.4	23.3	213.0	26.8	232.0	25.5
Transport equipment	142.6	16.9	110.0	13.8	101.0	11.0
IV- Miscellaneous	2.4	1.1	7.0	0.9	9.0	1.0
TOTAL	844.0	100.0	795.0	100.0	911.0	100.0

Source: Bank of the Republic.

NOTE: A difference may be seen between the statistical data on foreign trade furnished by the Bank of the Republic and those of the National Statistical Department. The former are based on import declarations or licences that are approved and may subsequently be amended, used only in part or not at all, and which are in terms of the f.o.b. value. The DANE data are based on import manifests and are expressed in terms of the c.i.f. value.

Table 10  
EVOLUTION OF COLOMBIA'S TRADE WITHIN LAFTA  
1962-1972  
(in US\$ '000)

Year	Imports	Exports	Trade balance
1962	14,144	8,371	- 5,773
1963	22,526	6,970	- 15,556
1964	34,919	12,787	- 22,132
1965	39,329	20,014	- 19,315
1966	57,817	31,835	- 25,982
1967	38,073	23,078	- 14,995
1968	47,948	34,184	- 13,764
1969	74,027	54,543	- 19,484
1970	78,723	82,091	+ 3,368
1971	94,805	90,397	- 4,408
1972	86,743	107,359	+ 20,616

Source: DANE.

Table 11  
COLOMBIA'S TRADE WITH ANDEAN GROUP COUNTRIES

(in US\$'000)

Year	Total trade	Exports	Imports	Trade balance
1960	9,351	4,575	4,776	- 201
1961	12,519	5,430	7,089	- 1,659
1962	12,378	6,361	6,017	+ 344
1963	12,161	4,771	7,390	- 2,619
1964	18,412	6,813	11,599	- 4,786
1965	24,123	10,423	13,700	- 3,277
1966	34,633	15,906	18,727	- 2,821
1967	25,345	13,302	12,043	+ 1,259
1968	35,191	17,706	17,485	+ 221
1969	58,179	37,470	20,709	+ 16,761
1970	92,622	62,449	30,173	+ 32,276
1971	110,045	69,169	40,876	+ 28,293
1972	102,838	70,120	32,718	+ 37,402

Source: DANE.

# COLOMBIA'S TRADE WITH OTHER COUNTRIES UNDER COMPENSATION ARRANGEMENTS

(In US\$'000)

	1970						1971						1972					
Country	Total trade	Exports	Imports	Trade balance	Total trade	Exports	Imports	Trade balance	Total trade	Exports	Imports	Trade balance	Total trade	Exports	Imports	Trade balance	Total trade	Exports
Spain	82,326	30,124	44,202	- 6,078	66,107	30,403	35,704	- 5,301	108,082	56,322	51,260	+ 5,562						
G.D.R.	12,874	9,220	3,654	+ 5,566	11,897	6,932	4,965	+ 1,967	14,910	7,666	7,244	+ 5,422						
Bulgaria	2,503	2,167	336	+ 1,831	759	740	19	+ 721	1,258	511	747	+ 236						
Hungary	3,455	2,828	627	+ 2,201	2,349	2,391	458	+ 1,933	3,028	2,566	462	+ 2,104						
Poland	9,154	1,523	7,631	- 6,108	9,153	6,331	2,822	+ 3,509	11,411	9,075	2,336	+ 6,739						
Romania	5,752	3,690	2,062	+ 1,628	4,106	1,536	2,570	- 1,034	4,561	743	3,818	+ 3,075						
Yugoslavia	12,929	7,487	5,442	+ 2,045	5,130	3,559	1,571	+ 1,988	8,726	6,304	2,422	+ 3,882						

Source: 1970-71: DATE.

1972: Bank of the Republic, INCOMEX, Tables.

Table 13  
COLOMBIA'S TRADE BALANCE BY MAJOR COUNTRIES  
AND ECONOMIC AREAS  
(in US\$ '000)

	1971			1972		
	Exports <sup>1</sup>	Imports	Trade balance	Exports <sup>1</sup>	Imports	Trade balance
United States	234,453	397,047	-162,594	274,366	336,217	-61,852
EEC	162,740	171,823	- 9,083	181,375	158,221	+23,154
Spain	30,403	35,704	- 5,301	53,829	42,403	+11,420
Socialist countries	28,293	18,981	+ 9,312	22,437	10,692	+11,745
LAFTA (without Andean Group)	13,781	42,478	- 28,697	37,239	54,025	-16,786
Andean Group	53,122	52,327	+ 795	55,524	32,718	+22,806
Japan	17,318	63,763	- 45,945	33,570	66,346	-32,776
Other	103,674	147,318	- 43,644	176,241	158,322	+17,291
TOTAL	644,284	929,441	-285,157	834,580	858,944	-24,364

<sup>1</sup> Not including crude petroleum.

Source: DANE.



Table 14  
COLOMBIA'S SHARE IN WORLD TRADE

Year	% share
1962	0.34
1963	0.30
1964	0.32
1965	0.26
1966	0.28
1967	0.27
1968	0.27
1969	0.26
1970	0.27
1971	0.25

Source: International Bank, Directory of Trade Annual  
1968-1971.

DANE, Foreign trade yearbooks.

Table 15

INDEX OF PRICES OF COLOMBIA'S FOREIGN TRADE  
AND TERMS OF TRADE 1960-1970

Base: 1967=100

Year	Index of import prices c.i.f.	Index of export prices f.o.b.	Trade price ratio
1960	49.9	52.2	104.6
1961	50.9	51.9	101.9
1962	51.4	49.3	95.9
1963	64.9	56.3	86.7
1964	64.3	67.2	104.5
1965	68.5	73.1	106.7
1966	89.9	76.2	84.8
1967	100.0	100.0	100.0
1968	110.8	114.4	103.2
1969	119.5	122.5	102.5
1970	128.7	160.5	124.7

Source: DANE.

Table 16  
COLOMBIA'S BALANCE OF PAYMENTS  
(US\$ million)

Item	1970	1971	1972 <sup>1/</sup>
A. Goods, services and private transfers	-- 329	-- 484	-- 205
1. Exports, f.o.b.	+ 788	+ 752	+ 958
2. Imports, f.o.b.	-- 802	-- 900	-- 813
Trade balance (1-2)	-- 14	-- 148	+ 145
3. Interest, profits and dividends	-- 180	-- 176	-- 197
4. Miscellaneous services	-- 125	-- 163	-- 164
5. Private transfers	-- 10	+ 3	+ 11
B. Private capital	+ 114	+ 126	+ 9
6. Direct investment	+ 39	+ 40	+ 16
7. Long-term loans	+ 17	+ 19	+ 7
8. Assets and liabilities, short-term	+ 58	+ 67	-- 14
C. Official capital	+ 206	+ 151	+ 248
9. Transfers to the Government	+ 37	+ 31	+ 24
10. Loans	+ 170	+ 128	+ 249
11. Assets abroad	-- 1	-- 8	-- 25
D. Bank of the Republic	+ 4	+ 25	+ 46
12. Long-term liabilities	+ 13	+ 24	+ 23
13. External liabilities in pesos	-- 9	+ 1	+ 23

Table 16 (cont'd)

Item	1970	1971	1972
E. Errors and omissions, net	-- 18	+ 90	+ 73
F. Allocation of special drawing rights	+ 21	+ 17	+ 18
G. Total (A+B+C+D+E+F) = (H+I)	- 2	75	+ 189
H. Commercial Banks	+ 57	+ 94	-- 14
14. Assets	-- 1	- 1	-- 11
15. Liabilities	+ 58	+ 95	-- 3
I. Bank of the Republic	- 55	-- 19	-- 175
16. Contributions to IMF	- 32		13*
17. Other assets	+ 11	-- 8	- 128
18. Liabilities with IMF	-- 19	-- 2	-- 40
19. Other short-term liabilities	-- 15	-- 9	+ 6

<sup>1</sup>/Provisional

\*/Adjustments, revaluation gold assets

Source: Bank of the Republic.