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Colombian Government Signals Changes for Land Tenure Policy

Report Categories:

Agricultural Situation

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Report Highlights:

Land tenure is a main focus for the new Colombian Government (GOC). In August 2010, the Ministry of Agriculture proposed a law to restitute the land taken from displaced populations by illegal groups. Simultaneously, the GOC through modifications of land tenure policies is planning to encourage foreign investment in Colombia's agricultural frontier. The Government proposal aims to increase competitiveness and to make a positive social impact on the rural sector.

General Information:

Land Restitution

The new Government of Colombia (GOC) recently submitted a proposal to Congress for the restitution of land as compensation for population that has been displaced by violence over the past 20 years. The main objective of this project is to implement a new mechanism to give back the land taken by Paramilitary, FARC and other criminal groups. The land restitution program seeks to bring back 2 million hectares usurped through violence to 460,000 families in the rural sector. Colombia is considered the country with the second largest number of forced displaced population in the world over 3.2 million people.

The US government (USAID) signed a memorandum of Understanding with the Ministry of Agriculture which will provide technical support. Its policies promote land restitution, land formalization, and organization of the rural sector. The US will provide a total of \$30 million over a 3 years period.

Land Expansion

Colombia's previous administration did not have clearly defined policy on agricultural expansion. The GOC's main objective for land distribution was to provide enough acreage or family agricultural units (UAF) for small farmers to carry out agricultural activities and receive adequate income to fulfill basic needs. The current law states that land provided by the government is not negotiable until 12 years of occupation and any purchase cannot be performed for more than one UAF. This law was conceived to reduce inequalities in the rural area and the uneconomical division; but it is generating conflict with large-scale agricultural projects and investments in the area of biofuels, grains and oilseeds.

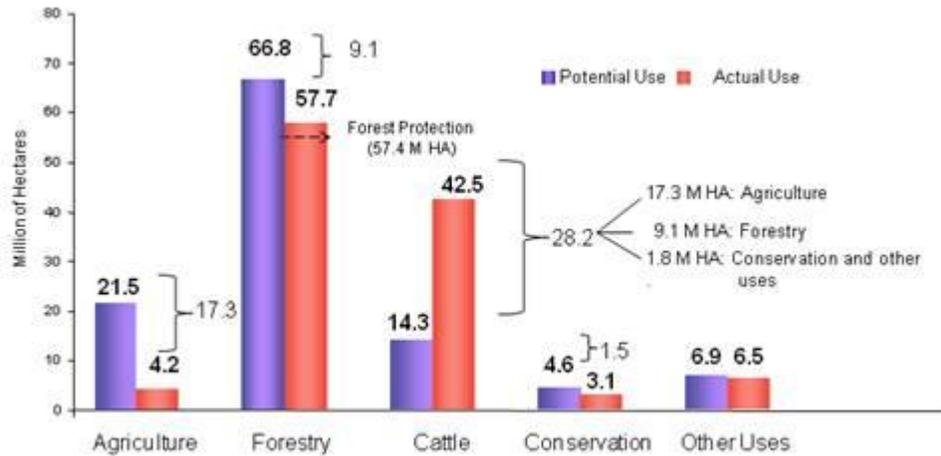
Investors have been forced to create new companies to buy land legally in Colombia, which has increased their administrative bureaucracy. In fact, multinational companies such as Aliar (Colombian feed company) and Cargill, together with Colombian Farmers Bureau (SAC) petitioned previous governments persistently to lift UAF restrictions without satisfactory responses. The new administration that took power in August has sent signals that they will consider modifying the current policy in order to increase agricultural production.

The GOC is planning to redefine the UAF to generate economies of scale. The Colombian Minister of Agriculture believes that agricultural projects, supported by agricultural research can compete with yields outside Colombia and would reduce the dependence on imports. The GOC plans to task the Colombian Agricultural Research Corporation (Corpoica) and International Center for Tropical Agriculture CIAT to design and transfer accessible technologies for farmers in the Altillanura. In return, the GOC wants foreign investment that generates jobs and includes small and medium size farmers in their projects under cooperative models as Ecopetrol (Colombia's largest oil company) is doing with their ethanol projects.

Opportunities

Through land restitution policies, the GOC plans to improve efficiency in land use and decrease concentration of land ownership. Most of the areas taken illegally are currently abandoned or extensive but unproductive pasture lands for cattle production. The GOC plans to reconstitute and develop programs to encourage competitive agriculture production based on potential land usage (see graphic below).

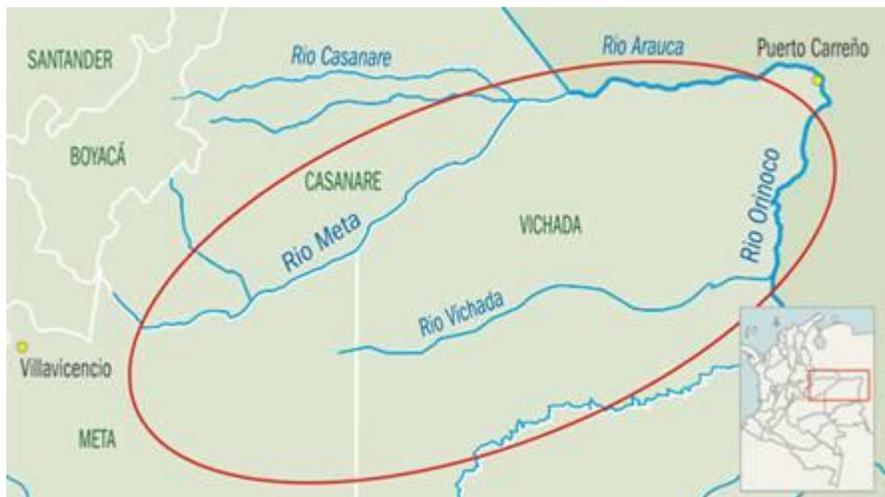
Current Land Usage and Perspectives



Source: Colombian Ministry of Agriculture, 2009

If the GOC lift the UAF restrictions, this will open the door to further foreign and local investment for agricultural projects, in particular in the country’s western plains (see GAIN report “the Altillanura-Colombia’s next Agricultural Frontier”, 09/28/2009). Industry analysts believe that the GOC's new focus on land tenure will play a role in increasing internal growth, improving GDP and expanding exports.

Altillanura zone:



(Source: Semana 2010).

The Altillanura region is composed of the states of Meta, Vichada and Casanare in central eastern Colombia. The Altillanura soils are acid with high aluminum content that require intensive soil improvements. Soil conditions and climate are similar to the Brazilian Cerrado.

