



## Colombian investment into agri sector falls to lowest in 16 years

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Investment into Colombia's agriculture sector sank during the fourth quarter of 2014 for the first time in 16 years, according to the Survey of the Agricultural Sector ([EOEA](#)) on 2,717 producers of varied sizes.

The survey, conducted by the Agricultural Society of Colombia together with Agrarian Bank, the Colombian Mercantile Exchange, the Colombian rural development management firm [Finagro](#), a agricultural research company [Corpoica](#) and the Colombian Institute for Rural Development [Incoder](#), suggested that agriculture investment decreased by 6.1 percent in 2014 from the previous year.

Plantings of semi-annual commodities such as corn, rice, sorghum and soybean declined 10.9 percent followed by coffee which fell 9.9 percent.

The survey shows investment in machinery and equipment accounted for 7 percent of total agricultural investment in 2014 and amounted to only 3.8 percent in the fourth quarter, a decrease of 3.8 percent compared to the same quarter in 2013.

Infrastructure investment also fell 3.8 percent during the fourth quarter although it increased during the earlier parts of the year, according to EOEA.

"In recent years, with a strong local currency, production costs across the major agricultural sectors in Colombia have erased profits, mainly affecting smallholder farmers," said Roberto Viton, founder of [Valoral Advisors](#), the agribusiness consultancy. "And falling commodity prices during 2014 cannot have helped. So in this context, it probably hasn't been the best time to invest. Since the second half of 2014, the local currency has lost a third of its value against the US dollar, so this is a welcome correction to bring competitiveness to local producers."

And Valoral remains optimistic about the appeal of Colombia, and other similar Latin American economies, as an investment destination in the near future.

“We believe that agriculture is a core industry with the capability to quickly fill the gap left by the fall in the mining and energy sectors in places like Colombia, Peru, Chile and Brazil,” he told *Agri Investor*. “The ag sector can effectively contribute to local investment, employment and activity and is a direct beneficiary of the current round of currency depreciation around the region.”

The producers surveyed were optimistic about their economic situation, with nearly half of them rating it “acceptable”, and 31.6 percent of them rating it “good”. They also expect their economic situation to be better during the first quarter of 2015 than they had for the same period of 2014.

The EOEI was initiated in 1999.

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