

## Report From Latin America

I returned October 13 from a week's visit to Colombia and Costa Rica. Much has changed in flower production since my first visit to Costa Rica and Guatemala in 1965. Flores Colombiana was the only firm growing any quantity of flowers in Colombia in 1969 and they grew about equal quantities of poms, cut mums and carnations. German-Ribbon had a smaller planting of carnations.

Current production of carnations in Colombia is from about 20 million plants, or around 10 million square feet under cover. About three-fourths of this area is controlled by 11 firms, all but one of which have started since 1969.

This geometric growth pattern was made possible by a fine carnation climate, a government subsidy on exported flowers, cheap labor and, in many cases, management with excellent business training. Imports from Colombia have sometimes more than doubled in each of the last three years. What are the prospects for 1975?

Several factors are at work now that indicate a slowdown — possibly to the point of stabilization in the flower production pattern of Colombia. First, the subsidy for Colombian growers has been removed. More on this later. Second, shipping space is about all taken up. Air freight rates have increased about 1 cent per carnation. This is substantial, but not nearly as much as domestic air freight has increased. There are likely to be no more flights added. Air cargo can be used during heavy cropping periods, but it is "expensive" to quote one grower. Colombian returns were disappointing last season when considering unsold and damaged flowers. "No one made any money last year" is a quote from another producer. Some of the 40 or so growers may fold. Most producers are looking for ways of diversification. Colombia has many fine climates and they do have abundant, though very much underpaid, labor.

But the point of this report is that Colombian flowers are here to stay. They won't go away. The plants that I saw are healthy and producing well even into the third year. No disease losses are obvious. No serious insect problems have developed. Replants following older plants are healthy and doing well. One grower treated the soil prior to planting with Tordon®. Another is steaming everything with buried tile. They have good help in controlling their salt levels and nutrition. Many are starting to propagate for their own use. Some are selling a few cuttings.

Some firms are expanding their European markets this year. There is some air space available on European flights, but planes land in Trinidad so flowers can warm up if delayed there. Long flights of 18 hours or more raise the chances for damaged flowers. Some are shipping on a contract basis to European buyers — October to May. After May or before October, these may be shipped to the U.S.

## Labor

Greenhouse labor is paid around \$1.50 per day in Colombia. Most of it will be unionized in a short time. One company has negotiated a three-year labor contract with a 20% increase per year. You wonder how this agreement will hold up as the cost of living is going up over 35% yearly. There are two labor unions, one communistic. The communistic union has organized one flower farm and may be its downfall. The firm has not expanded according to a planned timetable set up two years ago. The better managers have reduced labor by looking at every job. If the job can be eliminated or simplified, labor is reduced. An example of this is elimination of a grading room for poms and mums. Flowers are graded and bunched while cut in the greenhouses. Little boys then move the flowers to the packing room.

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## The Subsidy

Has the subsidy to flower growers really been removed? From what I can find out, it has. The nature of the subsidy is a bit vague in my mind. Both Costa Rica and Colombia had subsidies or tax credits to encourage exporters. I understand that one was patterned after the other. Costa Rica issues tax credit certificates of 15% to the exporters. These are negotiable at banks after being held for one year. The discount is as low as 0.5%, so they are just like money. Colombia probably had the same system, although one grower stated that it was a credit on income taxes. If this were true, the grower could deduct the subsidy from taxes paid. Ironically, Costa Rica taxes exports at a rate of 7% then turns around and issues tax credits of 15%.

Both countries recently had orderly elections and changes to new presidents. The new governments are equally liberal or more so. It is very difficult to understand their continued legislation of wages for labor. The sum total effects of Latin governments usually result in more difficult business climates. But, my latest impression is that Latin American imported flowers will be a part of the U.S. scene for many years to come. We had better learn to use them.

Your Editor,



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