

COLOMBIA

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In 2000, the Colombian economy managed a modest 2.8% GDP recovery after a drop of 4.3% in 1999. The record government deficit of 7.3% of GDP in 1999 was reduced to about 5% in 2000. The recovery was mostly led by a 15% growth in the value of exports, mainly oil and non-traditional industrial exports. Inflation continued a declining trend, at 8.8% for CPI and 11% for PPI, well below the figures for the past 25 years. Foreign investment recovered to some extent during the year, particularly in telecommunications, the banking sector, energy generation and large-scale coal mining.

However, unemployment remained at historical highs of close to 20%, and two very important sectors of the country's economy remained depressed, construction and agriculture, impacted in various ways by credit and security problems. Additionally internal security and the human rights situation remained critical in many parts of the country.

Throughout 2000 the peace efforts made little progress and only in early 2001 a breakthrough may have been achieved triggered by a bold direct approach by President Pastrana, which reopened peace negotiations with the main guerrilla group, FARC. To fight the drugs war, the government implemented an integral initiative called 'Plan Colombia', which is expected ultimately to cost US\$7.5 billion. It targets reduced drug trafficking, strengthening and modernising further Colombia's institutions, including the Armed Forces, and has a large component aiming primarily at the improvement of social infrastructure, the human rights situation and generation of employment. Important international support has been pledged.

Petroleum production in 2000 declined to 685,000 bbl/d, compared to 750,000 bbl/d in

1999. Helped by high international oil prices, the export value reached a record figure of US\$4,569 million in 2000. Remaining reserves of 2,400 Mbbl, could increase significantly because of a recent discovery, the Gibraltar block, with a preliminary evaluation showing reserves in the order of 1,400 Mbbl.

COLOMBIAN MINERAL OUTPUT			
Commodity	1998	1999	2000
Gold (kg)	18,811	34,600	37,018
Silver (kg)	5,218	7,009	7,970
Platinum (kg)	411	437	340
Emeralds ('000 ct)	9,360	6,834	8,454
Iron Ore ('000 t)	526	576	554
Nickel (t)	28,100	28,400	27,750
Coal ('000 t)	33,751	32,700	38,142

Source: Energy and Mining Planning Unit (UPME)
Empresa Nacional Mineral Ltda. (MINERCOL)

Gold and silver production, showed moderate increases in 2000, up to 37,018 kg (7% over 1999) and 7,970 kg (14% increase), respectively. Platinum production fell to 340 kg (down 22%). The value of emerald exports reached US\$94.3 million in 2000.

Canadian junior Greystar Resources temporarily stopped exploration of the Angosturas gold project because of security problems and negotiation of third-party mining rights within its exploration licenses.

The Marmato project in central Colombia, held by Conquistador Mines, Corona Goldfields and a major Colombian mining company, is on hold pending discussions between the parties.

US-based Sector Resources acquired a mining property in the Santa Isabel gold district, Tolima Department. Production of gold, polymetallic concentrates and quartz crystals started in late 2000.

In the emeralds sector, the negotiation of an agreement between Canadian company Rio Verde, and local miners over the Maripi area was suspended. Also, a letter of intent was signed by Geoconsult (Austria) and Colombian interests for the development of a mining project in the Western emerald belt, Boyaca Department. Additionally, the State company Minercol is preparing terms of reference for a public tender of three prospects in the western and eastern emerald belts.

The second line expansion of the Cerro Matoso ferronickel operation owned by Billiton subsidiary, QNI, was essentially completed on schedule, with 98% of the engineering, procurement and construction completed by year end. Tests were planned for January 2001, and the target of 110 Mlb/y of contained nickel is expected to be attained during the second half of 2002.

Colombian coal production increased to 38.1 Mt in 2000, 13% more than in 1999. A total of 35.6 Mt was exported. The 50% ownership of the state company, Carbocol, in Cerrejon Norte mine, was privatised in December 2000. Equity was acquired by the Glencore/Amcoal/ Billiton consortium. The consortium also purchased the participation of Prodeco and Carbones del Caribe in the Cerrejon Central and Sur zones. A total annual production of approximately 9 Mt for those two zones is scheduled for 2006-2008. Glencore is also involved in the development of the Calenturitas project in the Cesar Basin with an initial production of 250,000 t in 2001 and full production of 3 Mt in 2005.

A useful document for potential mining investors was completed by year end by three mining sector state entities (Ingeominas, Minercol and UPME). To be published in early 2001 and called MEDC-2000 (Strategic Minerals for Colombia's Mining Development), it summarises available information on geological and mineral potential, the legislative and regulatory framework and the socio-economic environment. Eight target areas and two ore prospects are proposed to investors, related to copper porphyries, epithermal gold, VMS, SEDEX, coking coal and ornamental stones.

Exploration is being carried out on the most promising targets: the Murindó copper-gold porphyry, the Santa Marta ornamental stones and the Piedra Sentada-Guachavez epithermal gold prospect. Project profiles will be included in MEDC-2001.

A long awaited modernisation of the Mining Code, which should encourage foreign investment in the sector, took final shape at the end of 2000, and is expected to come into effect by May 2001.

Colombian Coal Production ('000 t)					
Coal Basin Project	1997	1998	1999	2000	2005 ^e
Guajira Cerrejon Norte ¹	15,417	15,509	17,545	18,400	21,000
Guajira Cerrejon Central ²	751	1,180	800	800	N/A
Guajira Cerrejon Central ³ (Comunidad)	3,291	N/A	N/A	2,900	N/A
Guajira Cerrejon Central ³ (Oreganal)	N/A	3,160	1,200	N/A	7,000
Cesar la Loma ⁴	5,381	6,080	6,300	8,874	13,000
Cesar Carbones del Caribe	1,306	1,400	1,500	2,020	2,000
Cesar Carboandes	1,001	1,100	1,100	285	1,200
Cesar Consorcio Minero Unido	653	710	750	750	800
Cesar Small Producers	325	107	N/A	N/A	N/A
Interior Small producers	4,617	4,505	4,505	4,113	5,000
Total	32,742	33,751	33,700	38,142	50,000

^e Estimate

¹ Intercor-Consorcio (Glencore-Amcoal-Billiton)

³ Consorcio (Glencore-Amcoal-Billiton)

Source: UPME, MINERCOL

N/A Not Available

² Carbones Colombianos.

⁴ Drummond