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STUDY ON THE INDUSTRIAL AND COMMERCIAL FREE ZONE OF BARRANQUILLA [1]

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Barranquilla Free Zone

Bogota, Colombia

1/ This report has not been cleared with the United Nations Industrial Development Organization which does not therefore necessarily share the views presented.

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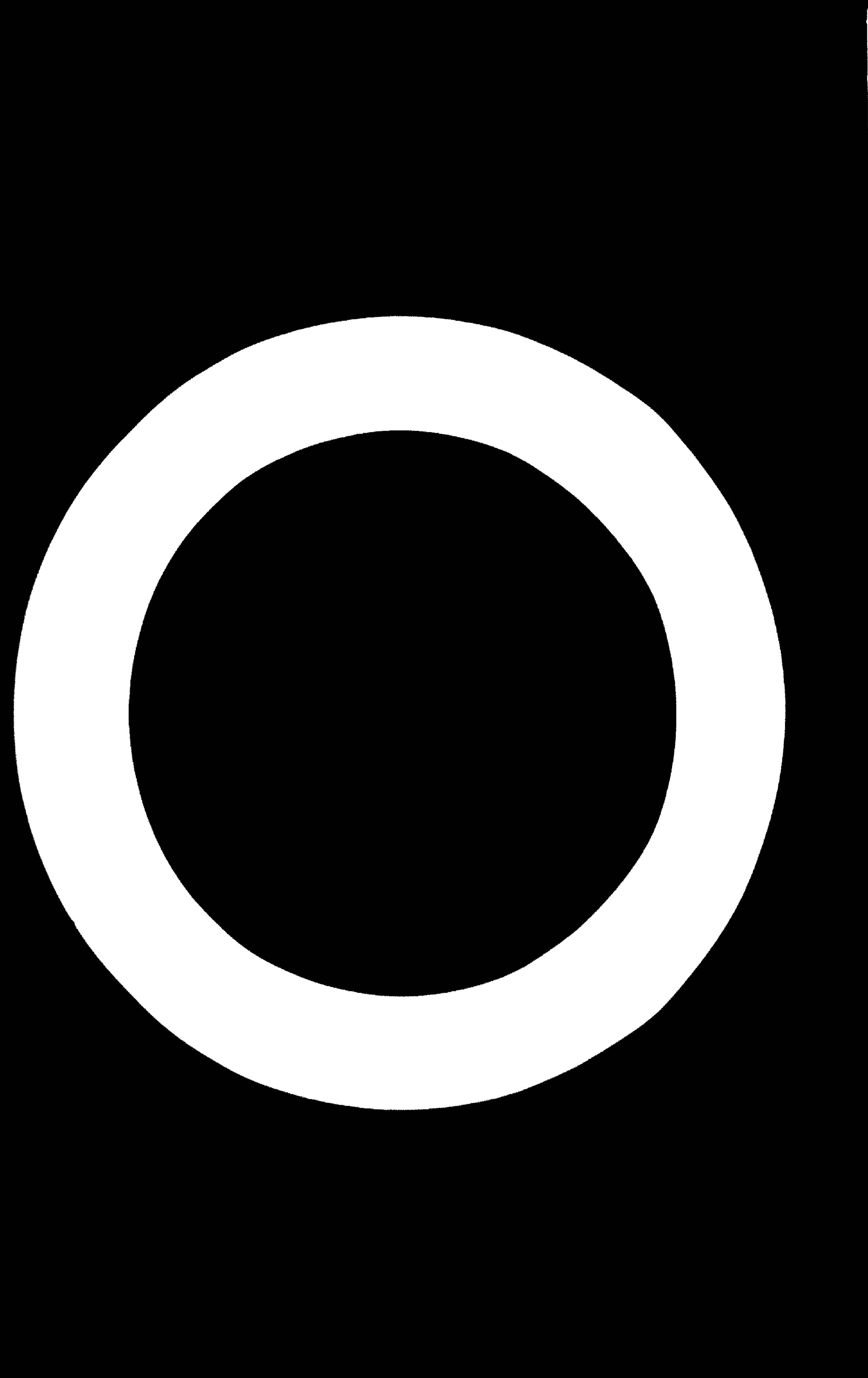

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INTRODUCTION

Industrial plans for the Colombian north coast include the development of an "industrial region", whose focal area will be Santa Marta, Barranquilla and Cartagena, each with a definite function of its own, although closely linked to the others by virtue of geographic proximity.

The Northern Industrial Free Zones [1/] are to act as the driving force in the focal areas. For this to take place, the following aspects must be considered in the development of the Free Zones:

(a) Industrial specialization must take into account the relative advantages of each zone;

(b) Particular attention must be given, in the development of the zones, to the markets of the Gulf of Mexico and the eastern United States; consideration might also be given to the markets of the Canadian east coast provinces;

(c) The Northern Free Zones must have co-ordinated transport systems, so that each of them, without distinction, can make use of the region's specialized air, sea and rail terminals.

The zone which is discussed in this study and which is to serve as an example for the others is the Free Zone of Barranquilla.

It will be the task of government authorities to give the "green light" for the technical and economic feasibility studies required to carry out the projects described in this report and sustain the industrial growth which has already started in the Barranquilla Free Zone.

1/ The name given to the Free Zones of Barranquilla and Cartagena; Santa Marta is also included, since it is covered by Law 105 of 1958.

BACKGROUND 2/

The following discussion is a factual and chronological survey showing Barranquilla's traditional interest in enterprises of a distinctly national character and its efforts in the Industrial and Commercial Free Zone. The establishment of this Zone represented the deliberate and well considered adoption of a system which has proved effective over a long period of time, and it stands today as a solid achievement despite the many political and economic problems which have beset this city in its difficult role as a pioneer of the free zone idea.

In 193?, the Assembly of the Department of Atlántico, as its first official act, passed a resolution in which it urged the President of the Republic, the houses of the legislature, the Governor of the Department and all the civic bodies, employers' associations and trade-unions of the country to direct their attention to the establishment of a Free Zone in Barranquilla. Later, assemblies and congresses of the National Industrial Association of the Chambers of Commerce, the National Merchants' Federation and the People's Association of Colombian Industrialists emphasized the need to exploit Colombia's favourable situation for the establishment of industrial free zones as a means of obtaining currency through export promotion and as an additional instrument for attracting foreign capital to our economy. The Governor of the Department of Atlántico arranged for a group of Swedish experts to visit our country to study the opportunities that might exist and to analyse them from the point of view of the possible results of the establishment of an Industrial and Commercial Free Zone at Barranquilla.

In 1952, the Atlántico Development Plan, prepared by the National Planning Council, provided for the establishment of the Barranquilla Free Zone in keeping with the recommendations of the mission of the International Bank and the Economic Development Committee and the studies which had been submitted by leading experts called in by the Government of the Department. Despite the pessimism, distrust and ignorance in the country regarding undertakings of this kind, our legislators succeeded in persuading the Congress to enact Law 105 of 1958, creating the Barranquilla Free Zone.

2/ Taken from the statement by Mr. Julio Gerlein Comelin, Manager of the Barranquilla Free Zone, at the second meeting of National Free Zone Managers in Cali, 8-11 August 1973.

In September 1959, the National Government, relying on its legal authority, and especially the authority conferred upon it by article 2 of Law 105 of 1958, which gave the Government the power to determine the site of the Industrial and Commercial Free Zone, set aside for it an area in the vicinity of the Terminal, thereby following the recommendations contained in the report submitted on 14 July of that same year by Dr. Rafael Uribe Uribe, who had been put in charge of the technical feasibility studies on this question.

In October of 1959, the Board of Directors of the Industrial and Commercial Free Zone of Barranquilla appointed the staff who, serving in an honorary capacity, were to carry out the provisions of the law. In order of seniority, the persons named were: Mr. Julio Gerleín Comelín, Manager and Treasurer; Mr. Rafael Fernández Díaz, Assistant Manager and Secretary; and Mr. Rafael Añez Torres, Messenger.

The year 1960 marked an important period for the Zone, when as a result of discussions conducted by Mr. Gerleín in Hamburg, which he visited in connexion with his attendance at the meetings of the International Olympic Committee at Rome as a member of that body, the civil administration of the city and its port authorities gave their approval to the studies of the "Laucht Urban Development Plan", which as an international pilot plan has helped in the guidance and completion of the stages through which this great undertaking has passed.

The regulatory aspects of the National Government's role in the Free Zone were established by Decree 2240 of 6 August 1962. This decree, which was the result of careful study by the Board of Directors, the Zone Management and the Board of Advisers, was based on internationally accepted standards and principles. A corresponding preliminary plan was presented to the Government and for approximately 14 months was the subject of discussion within a number of ministries, the National Department of Planning and the Embassy of Colombia.

On 30 January 1964, the Director General for Customs put into force Resolution No. 61, which established the customs procedures for the operation of the Industrial and Commercial Free Zone of Barranquilla.

The next key date in the strict chronological order of events of historical interest was 5 October 1964, when, in response to an emergency situation, the Free Zone came into being with the reception and storage of the first shipment to reach the port of Barranquilla for consignment to the Free Zone for the municipal public enterprises. This shipment, which consisted of 100 tonnes of alum for our water system, represented the first cargo delivered to the Barranquilla Free Zone.

Exchange system

In March 1967, the National Government adopted a series of important exchange measures, embodied in Decree 444 of that year, which, as was only natural, had the effect of creating a state of expectancy among some users. This was so because under the existing regulations, purchases of goods, raw materials, etc., for import through the Free Zone could be made in dollars on the free market. A point not to be overlooked or underestimated is that, as a decentralized public establishment instituted under national law and supported by national funds, the Free Zone is an intrinsic part of the country's legal machinery, and that precisely because it is a constituent element in a system of international exchange, it was not possible for it to remain isolated and function outside the Government's policy guidelines for the protection of our currency.

Although the importance of the Free Zone was no longer a subject of controversy at this time, there was a need for an exchange statute to enable it to develop in a normal manner. The most reputable institutions of the city and country played an active role in seeking the kind of instrument which would provide a solution to this problem. As a result, on 14 January 1970 the Government passed Decree 039. However, since the provisions of this decree did not give the Free Zone the precise instrument it required to facilitate its exports and thereby regularize the serious situation posed by the absence of an exchange statute, the National Government, in response to the recommendations proposed by the Zone and the groups represented on its Board of Directors, enacted Decree 1082 of 7 June 1971, which sets forth in detail the machinery necessary for proper export-import operations with goods processed within the Zone, as well as the treatment to be accorded to the foreign and Colombian capital of the organizations set up in it.

SUMMARY

The results of this study may be summarized as follows:

If a Free Zone is to develop effectively, [illegible] predetermined stages, [illegible] land and the development of urban infrastructural facilities [illegible], the identification of industrial branches with growth potential and the design of industrial buildings to the particular specifications required to promote this growth, the provision of national resources, and the [illegible]tion of the contribution of domestic industry.

In terms of trade turnover, in 1972 the volume of goods brought into the Zone amounted to a total value of [illegible],1[illegible] million pesos, representing an increase of 52.5 per cent over 1971.

The outflow of goods from the Zone in 19[illegible] amounted to [illegible], [illegible] million pesos, representing an increase of 5[illegible].[illegible] per cent over the outflow in [illegible].

In 1972, 97.5 per cent of the goods taken out of the Zone were imported into Colombia and were charged a total of 8[illegible] million pesos in customs duties.

Exports routed through the Zone in 1972 amounted to US$[illegible],000, of which US$921,000 were accounted for by products manufactured within the Zone and US$159,000 by net exports of domestic inputs earning currency which the Zone contributed to the national balance of payments.

During the first six months of 1973, the goods entering the Zone had a value of 1,783 million pesos, while the value of the goods taken out during the same period amounted to 1,687 million pesos; of these 1,[illegible]1[illegible] million pesos' worth were imported and paid customs duties amounting to 490 million pesos.

The total value of inputs from Colombia exported during the first six months of 1973, mainly in the form of labour, amounted to 11.1 million pesos, representing a considerable increase of 1,430 per cent over the preceding period.

There has been a significant build-up in the Zone's own industry. As of August 1973, the plants installed included nine in the textiles sector, one in leather, one in metalworking, one in canning, two in parts and spares, and one in scrap, for a total of 15. At that same period, 1[illegible] new plants were being built.

The area built up by the Zone, including both the commercial and industrial sections, covers 11[illegible] square metres. The buildings erected by the users cover 10[illegible] square metres.

The investments made in the Zone up to October 1973 amounted to 61.[illegible] million pesos, 75 per cent of which were in the form of private investment and 25 per cent in the form of direct investment by the Zone.

The direct employment created up to August 1973 consisted of 5,000 jobs, 145 of which were positions in the administrative apparatus of the Zone.

The value added, which is typical for the ready-made clothing industry, fluctuates between 30 and 35 per cent.

During the period from 1969 to October 1973, the revenue collected by the Zone treasury amounted to 65.3 million pesos and total expenditure to 93.8 million pesos, including 36.4 million pesos in operating costs and 57.4 million in investment.

From 1969 to October 1973, the National Government contributed 23 million pesos, representing 40 per cent of the total investment, while the operating surplus reached a total of 28.8 million pesos, or 50 per cent of the cost of investment.

For the period 1974-1982, the sum of 340.1 million pesos is needed to finance the investment programme for the development of the Free Zone.

The following requirements have been identified for the industrial development of the Free Zone: an air terminal in the area of Barranquilla Airport, a container dock and yard, the physical expansion of the Free Zone itself and a communication link with the Atlántico railway line.

To make the Zone more attractive to investors, both domestic and foreign, it is recommended that additional incentives covering income and other aspects should be introduced into the Free Zone legislation.

CONCLUSIONS AND RECOMMENDATIONS

Despite the relatively short time it has been in operation, the Industrial and Commercial Free Zone of Barranquilla has experienced a considerable industrial and commercial expansion, enabling it to perform the functions within the Colombian economy for which it was created.

In commercial terms, its function is to provide an infrastructural backup to the operations of the Port of Barranquilla, as indicated by the fact that in 19[illegible]5 the total volume of goods entering the Zone amounted to 77,000 tonnes, whereas by 19[illegible] this same figure had risen to [illegible] tonnes. The result has been a sustained flow of import goods, on which customs duties are paid when they are removed as required by the importer.

In the industrial area as well, the Zone has enjoyed an exponential growth rate over the last three years. Thus, in 1971, exports of manufactured products stood at US$600,000; in 1972, the figure was US$921,[illegible], yielding currency revenues of US$159,000; while during the first six months of 1973 alone the total reached was US$1,319,000, with the expectation that the $4 million mark would be passed before the end of the year.

The industrial development of the Free Zone has had the clear effect of creating employment. Some 5,000 positions have been created with an approximate per-job investment by the national economy of 15,000 pesos - a figure regarded as among the lowest in the industrial sector.

With respect to transfer of technology, the Free Zone has profited greatly from the ready-made clothing industry, whose equipment and production processes are among the best in the world, thereby ensuring the effective training of the Colombian personnel engaged in this sector. Similarly, there has been a substantial transfer of technological know-how to personnel employed in the other industrial branches operating in the Zone.

At the present time, the Free Zone is at the second stage of its development, which involves a need for new infrastructural facilities to support an increase in services and the physical expansion of the area. The necessity for this new infrastructure is clear for the following reasons:

(a) There is insufficient physical space to satisfy the demand for new warehouses and industrial areas and buildings, since only [illegible] per cent of the Zone area is available;

(b) The industries operating in the Zone rely largely on air transport to supply their markets, and at the present time this service is inadequate and insecure owing to the lack of warehouse space in the Barranquilla Airport area;

(c) The port is facing the problem of congested conditions because of the increase in the volume of import and export traffic via Barranquilla. Modern and efficient methods must therefore be used.

It is important to note that the Free Zone is not an area economically isolated from the rest of the national economy, nor is its infrastructure a separate entity from the country's remaining physical endowments. This being the case, the following specific projects are recommended for the future development of the Zone:

(a) Air terminal in the Barranquilla Airport area. The purpose of this project would be to improve service to the industries operating in the Zone by providing security, flexibility and specialized equipment for the freight handling of inputs and products;

(b) Physical expansion of the Free Zone. Under this project, land would be acquired from the undeveloped zone ("Zona Negra"), adjacent to the Free Zone and covering an area of 80 hectares, for the purpose of meeting the growing demand for space to be used for warehouses, yards and industrial buildings, while at the same time indirectly increasing the capacity of the Port of Barranquilla;

(c) Container dock and yard. It is considered necessary that a container dock and yard should be built and that a crane should be purchased or rented for cargo handling in view of the increased use of the container method in international trade. Such facilities would also provide a backstop to the Port of Barranquilla for the collection and distribution of goods transportable by container.

CHAPTER I

1. Phases in the efficient development of a free zone

The development of a free zone in Colombia involves the following phases:

1.1 Geographical siting

This is the factor of greatest importance to the viability of a free zone, and it is unfortunate that, as a rule, planners fail to devote sufficient study to this aspect of the problem.

Free zones may be located on the sea or inland: in the first instance, they will be situated at or near a port; in the second, in an area at some distance from the sea. One of the essential conditions for the operation of a free port is considered to be the existence of an active flow of commercial traffic and organized and dynamic trade.

1.2 First phase: infrastructure

This phase involves the purchase of the land and the development of the urban infrastructure of the zone itself, including such things as streets, administration buildings and warehouses, and the like.

1.3 Second phase: identification of industrial branches

At this stage in the development process, a comprehensive study is made of the comparative industrial advantages of the free zone and of the required infrastructural facilities. This involves the identification of the industrial branches best suited for operation in the zone and the design of the industrial buildings to the resultant specifications.

1.4 Third phase: provision of national inputs

This phase occurs when the national economy is able to supply raw materials and other materials and components to the zone, in open competition with the international market. This ensures the partial fulfilment of the purposes of the zone, which are: to generate employment and currency, to make use of national inputs, and to serve as a focal point of industrial and commercial development.

1.5 Involvement of national industry

This stage is reached when the country's industrialists begin to make substantial investment in the free zone and in this way gain a large measure of control over the distribution of the products on the international market.

CHAPTER II

2. Industrial and commercial traffic through the Free Zone during 1972 and the first six months of 1973

This chapter is devoted to a statistical survey of the industrial and commercial traffic which has passed through the Free Zone during the last two years. Also indicated are the investments made, the buildings constructed by the Zone and by its users, the firms established, the area occupied and the number of jobs created.

2.1 Inflow of goods during 1972

Table 1

Inflow of goods according to economic zones and countries in 1972

Name of country	Shipments authorized	Tonnes	CIF Value: US$ (thousands)	CIF Value: Colombian pesos (thousands)
NORTH AMERICA				
Canada	164	10,906	4,268	92,157
United States	7,573	90,138	62,509	1,349,271
	7,737	101,044	66,777	1,441,428
ANDEAN GROUP				
Chile	17	369	257	5,512
Colombia a/	338	3,283	1,919	37,547
Ecuador	5	115	62	1,352
Peru	7	25	36	779
Sub-total	367	3,792	2,274	45,190

(cont'd)

a/ Domestic goods or goods previously imported into Colombia proper.

Table 1 (continued)

Name of country	Shipments authorized	Tonnes	CIF Value US$ (thousands)	CIF Value Colombian pesos (thousands)
LATIN AMERICAN FREE TRADE ASSOCIATION				
Argentina	150	4,927	2,516	54,991
Brazil	249	1,923	2,206	48,056
Mexico	200	4,481	3,887	82,694
Panama	17	76	60	1,327
Paraguay	8	98	405	8,864
Uruguay	9	156	127	2,746
Venezuela	13	693	103	2,226
	1,013	16,216	11,578	246,090
CENTRAL AMERICAN COMMON MARKET				
Costa Rica	5	-	2	56
Honduras	1	2	1	11
	6	2	3	67
WEST INDIES				
Curaçao	2	20	6	127
Jamaica	1	-	1	31
Puerto Rico	17	132	445	9,805
	20	152	452	9,963
EUROPEAN COMMON MARKET				
Belgium	113	2,818	1,681	35,577
France	319	3,197	2,976	64,791
Germany, Federal Republic of	2,667	16,762	15,266	335,376
Italy	914	4,865	7,161	153,905
Luxembourg	5	38	35	777
Netherlands	504	6,955	6,268	135,912
	4,522	34,635	33,387	726,338
EUROPEAN FREE TRADE ASSOCIATION				
Austria	31	696	354	7,873
Denmark	45	165	268	5,094
Norway	35	704	296	6,307
Portugal	5	149	53	1,139
Sweden	103	1,194	2,168	48,598
Switzerland	182	1,537	5,492	118,921
United Kingdom	974	7,633	8,004	173,295
	1,775	18,078	16,615	362,087

Table 1 (continued)

Name of country	Shipments authorized	Tonnes	CIF Value US$ (thousands)	CIF Value Colombian pesos (thousands)
SOCIALIST COUNTRIES				
Czechoslovakia	41	601	198	4,207
German Democratic Republic	1	3	2	32
Hungary	2	8	13	280
Poland	34	353	489	10,764
Romania	13	195	301	6,334
USSR	30	267	474	10,078
Yugoslavia	14	67	162	3,523
	135	1,494	1,639	35,218
OTHER COUNTRIES				
Australia	11	151	119	2,640
Ceylon	23	98	112	2,411
Ethiopia	1	1,562	1	17
Finland	45	2	864	18,888
Hong Kong	5	38	3	74
India	10	713	39	606
Iran	41	3	474	10,186
Israel	2	38,062	10	214
Japan	784	2	11,794	251,184
Korea	6	15	167	3,571
Madagascar	2	77	7	143
Malaysia	5	15	37	764
Scotland	41	230	217	4,523
South Africa	2	203	12	262
Spain	447	2,610	2,354	55,763
Taiwan	16	-	608	13,352
	1,441	43,783	16,828	364,598
TOTAL	16,649	209,404	$147,279	$3,185,719

Source: Barranquilla Free Zone Statistics

During 1972, 16,649 authorisations were granted for shipments of goods into the Free Zone, an increase of 29.1 per cent over the figure for 1971. The goods brought in had a total value of 3,186 million Colombian pesos, representing an increase of 52.5 per cent over 1971.

Examining the ranking of countries in terms of their exports to the Zone, one finds that of the 3,186 million pesos' worth of goods which were brought in during the period in question, the United States led with 42.4 per cent, followed by the Federal Republic of Germany with 10.5 per cent, Japan with 7.9 per cent and the United Kingdom with 5.4 per cent, with the other countries making up the rest.

In terms of distribution by zones or country groups, one finds that North America accounted for 44.5 per cent of the imports, followed by the European Common Market with 21.7 per cent, the European Free Trade Association with 11.7 per cent, the Latin American Free Trade Association with 8.4 per cent and the socialist countries with 2.1 per cent.

It is important to note that the North American sector registered an increase of 54.9 per cent over 1971; for the European Common Market the increase was 60.1 per cent and for the European Free Trade Association 48.0 per cent. An opposite pattern was observed in the case of the socialist group of countries, exports from which decreased by 20.1 per cent.

Table 2

Inflow of goods by product groups during 1972

Product	Shipments authorized	Tonnes	CIF Value: US$ (thousands)	CIF Value: Colombian pesos (thousands)	CIF Value: Percentage
Animal products	8	779	918	[illegible]	[illegible]
Vegetable products	189	5,709	[illegible]	[illegible]	[illegible]
Animal or vegetable fats and oils	[illegible]	4,084	[illegible]	[illegible]	[illegible]
Food industry products	342	[illegible]	[illegible]	[illegible]	[illegible]
Mineral products	111	5,048	820	[illegible]	[illegible]
Chemical industry products	5,185	81,020	[illegible]	[illegible]	[illegible]
Manufactures of plastic, rubber and their materials	691	15,240	[illegible]	[illegible]	[illegible]
Hides and manufactures produced therefrom	[illegible]	[illegible]	84	[illegible]	[illegible]
Wood, cork and manufactures produced therefrom; charcoal and wood manufactures	5	[illegible]	[illegible]	[illegible]	[illegible]
Paper and paper products	307	[illegible]	[illegible]	[illegible]	[illegible]
Textile materials and manufactures produced therefrom	[illegible]	4,801	[illegible]	[illegible]	[illegible]
Footwear, headwear, umbrellas, artificial flowers and hair manufactures	1	--	--		--
Plaster, asbestos and glass products and manufactures produced therefrom	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Common metals and manufactures produced therefrom	1,777	[illegible]	[illegible]	[illegible]	[illegible]
Machinery and apparatus; electrical equipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transport equipment	1,871	[illegible]	[illegible]	[illegible]	[illegible]
Optical and photographic instruments; medical and surgical equipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Miscellaneous goods and products not elsewhere listed	44	[illegible]	10	[illegible]	[illegible]
TOTAL	16,649	209,404	[illegible]	[illegible]	[illegible]

Source: Barranquilla Free Zone

— indicates a quantity smaller than the unit of measure employed.

If one analyses by product groups, the 3,186 million pesos which entered the Zone, it will be seen that chemicals lead the list, accounting for 30.52 per cent, with machinery, apparatus and electrical equipment in second place with 17.06 per cent, followed by common metals and their manufactures with 12.01 per cent.

3.2 Outflow of goods during 1972

Table 3

Destination of outgoing goods in 1972

			CIF Value		
Destination	Shipments	Tonnes	US$ (thousands)	Colombian pesos (thousands)	Customs duties
Antioquia	1,591	38,877	16,743	348,905	107,824
Arauca	1	--	--	7	4
Atlántico	3,064	38,848	20,289	423,530	105,570
Bolívar	97	474	598	12,194	6,484
Boyacá	5	2	4	84	32
Caldas	31	93	96	2,091	828
Caquetá	6	36	21	323	94
Cauca	2	--	1	15	9
César	2	7	37	718	38
Córdoba	9	35	102	2,173	581
Cundinamarca	11,411	114,064	80,993	1,741,418	559,752
Huila	9	9	19	405	106
Magdalena	5	17	31	700	362
Meta	3	40	52	1,029	426
Nariño	4	7	21	427	128
Norte de Santander	26	173	191	3,961	1,417
Quindio	7	5	19	401	168
Risaralda	70	346	516	11,023	2,418
San Andrés	11	29	66	1,415	--
Santander	91	850	458	9,536	2,951
Sucre	20	21	59	1,318	297
Tolima	14	159	194	4,166	563
Valle del Cauca	2,273	14,137	12,070	234,861	78,632
SUB-TOTAL	18,752	208,229	132,580	2,800,700	868,684
Exports */	177	414	936	20,393	--
Re-shipments abroad	165	1,529	1,466	30,352	--
Re-imports	222	1,603	958	20,247	--
TOTAL	19,316	211,775	135,940	2,871,692	868,684

Source: Barranquilla Free Zone

-- indicates a quantity smaller than the unit of measure employed

*/ FOB value

Outflow of goods

It will be seen that there were 19,316 shipments of goods out of the Zone in 1972, for a value of 2,872 million pesos. Compared with 1971, when such shipments amounted to 1,802 million pesos, there was an increase of 59.3 per cent. Of the 2,872 million pesos' worth of goods which left the Zone, shipments to the "national customs territory" accounted for 2,801 million. This indicates that 97.5 per cent of the goods withdrawn were imported into Colombia proper and were charged customs duties amounting to 869 million pesos. The rest were distributed as follows: exports 0.7 per cent, re-shipments abroad 1.0 per cent, and re-imports (goods received from the national customs territory and returned to it) 0.8 per cent.

Of the goods consigned to the national customs territory, 62.2 per cent were imported by industrialists in Cundinamarca, 15.1 per cent by Atlántico, 12.5 per cent by Antioquia, 8.4 per cent by Valle del Cauca, and 1.8 were distributed throughout the rest of the country.

Table 4

Outflow of goods by product groups during 1972

Product	Tonnes	CIF Value US$ (thousands)	CIF Value Colombian pesos (thousands)	Percentage
Animal products	3	4	—	—
Vegetable products	3,958	2,976	63,288	2.25
Animal or vegetable fats and oils	5,829	1,350	34,718	1.24
Food industry products	2,552	2,340	50,675	1.80
Mineral products	6,960	1,037	22,136	0.79
Chemical industry products	68,918	36,381	780,919	27.78
Raw materials, rubber and manufactures produced therefrom	19,672	11,603	245,781	8.77
Hides and manufactures produced therefrom	—	4	92	—
Wood, charcoal, wood manufactures, cork and cork manufactures	267	105	2,218	0.07
Paper and paper products	5,100	2,092	44,760	1.59
Textile materials and manufactures produced therefrom	3,843	4,971	98,711	3.52
Plaster; asbestos and glass products and manufactures produced therefrom	1,054	1,246	19,648	0.70
Common metals and manufactures produced therefrom	69,501	17,689	371,294	13.25
Machinery and apparatus; electrical equipment	13,765	37,685	793,831	28.35
Transport equipment	5,620	10,511	222,116	7.93
Optical and photographic instruments; surgical and medical equipment	1,150	2,416	50,487	1.80
Footwear, headwear, umbrellas, artificial flowers and hair manufactures	1	2	34	—
Precious metals, precious-metal plating and manufactures produced therefrom	—	2	49	—
Goods and products not elsewhere listed	27	166	3,860	0.13
TOTAL	208,229	132,580	2,800,700	100.00

Source: **Barranquilla Free Zone**

— indicates a quantity smaller than the unit of measure employed.

Of the outflow of goods in 1972, by product groups, machinery, apparatus and electrical equipment accounted for 28.35 per cent of the total ([illegible] million pesos); chemical products, 27.78 per cent; common metals and their manufactures, 13.[illegible]5 per cent. The other groups represent 30.[illegible] per cent of the total.

Table 5

Breakdown of re-shipments abroad and re-imports during 1972

Destination	Tonnes	CIF Value: US$ (thousands)	CIF Value: Colombian pesos (thousands)
Re-shipments abroad */			
Food industry products	--	--	94
Chemical industry products	894	483	10,024
Plastic materials, rubber and manufactures produced therefrom	2	8	163
Textile materials and manufactures produced therefrom	167	304	6,699
Common metals and manufactures produced therefrom	137	57	1,211
Machinery and apparatus; electrical equipment	325	602	11,921
Transport equipment	3	6	116
Optical and photographic instruments; medical and surgical equipment	1	6	124
	1,529	1,466	30,352
Re-imports **/			
Vegetable products	271	3	568
Chemical industry products	819	471	10,401
Plaster, asbestos and glass products and manufactures produced therefrom	--	--	--
Machinery and apparatus; electrical equipment	166	371	6,762
Common metals and manufactures produced therefrom	347	113	2,516
	1,603	958	20,247
TOTAL	3,132	2,424	50,599

Source: Barranquilla Free Zone

-- indicates a quantity smaller than the unit of measure employed.

*/ Re-shipments - re-exported goods which have undergone no processing.

**/ Re-imports - goods received from the national customs territory and re-introduced into it.

With respect to both re-shipments abroad and re-imports the major product groups are chemicals, on the one hand, and machinery, apparatus and electrical equipment, on the other, these having accounted for the greatest volume of traffic in and out of the Zone during 1972.

Table 6

Breakdown of exports during 1972

Products	Tonnes	FOB Value US$ (thousands)	FOB Value Colombian pesos (thousands)
Manufactured in the Zone			
Leather wallets	1	1	23
Pieces of leather for use on shoe uppers	10	42	1,017
Children's coats	161	478	10,425
Men's suits	25	240	5,107
Women's dresses	30	160	3,513
TOTAL	227	921	20,085
Not manufactured in the Zone			
Marine paint	13	6	121
Wood	175	9	187
TOTAL	188	15	308
GRAND TOTAL	415	936	20,393

Source: Barranquilla Free Zone

Exports

This category continues to be the most important of the Free Zone's activities and, because of its very rapidly increasing volume, is destined to become the country's chief source of foreign currency. In 1972, export traffic through the Zone reached a total of US$936,000; of this amount, US$921,000 represented products manufactured within the Zone, marking an increase of 71.8 per cent over manufactures in 1971.

Of the US$921,000 for these products, US$159,000 were for net exports of national inputs - currency which the Zone contributes to the country's balance of payments.

2.3 Inflow of goods during the first half of 197[illegible]

Table 7

Inflow of goods and their origin during the first half of 197[illegible] (January - June)

Country of origin	Tonnes	CIF Value US$ (thousands)	CIF Value Colombian pes[illegible] (thousands)
Africa		[illegible]2	[illegible],110
Argentina	[illegible],754	1,[illegible]	[illegible]1,375
Australia	[illegible]	[illegible]	1,41[illegible]
Austria	154	[illegible]	[illegible],[illegible]00
Belgium	[illegible]3[illegible]	[illegible]00	11,51[illegible]
Brazil	9[illegible]7	1,5[illegible]	35,961
Canada	[illegible],130	9[illegible]	[illegible]1,7[illegible]4
Chile	1[illegible]0	[illegible]7	1,515
Colombia	5,9[illegible]1	[illegible],44[illegible]	5[illegible],[illegible]
Costa Rica	--	1	1[illegible]
Czechoslovakia	53	78	1,80[illegible]
Denmark	[illegible]	1[illegible]3	3,903
Ecuador	1	1	[illegible]2
Ethiopia	--	--	--
Finland	5[illegible]4	240	9,01[illegible]
France	1,899	[illegible],7[illegible]	[illegible]3,03[illegible]
German Democratic Republic	[illegible]	[illegible]	1,11[illegible]
Germany, Federal Republic of	1[illegible],7[illegible]	10,[illegible]	[illegible]
Honduras	--	--	--
Hong Kong	--	--	--
Hungary	3	1	28
India	6	6	156
Iran	278	170	3,890
Israel	52	75	1,687
Italy	1,592	2,573	60,215
Jamaica	17	7	161
Japan	15,350	5,683	122,991
Korea	2	7	161
Luxembourg	--	--	--
Madagascar	2	4	100
Malaysia	--	--	--
Mexico	823	927	20,862
Netherlands	4,892	3,139	80,141
Nicaragua	2	1	32
Norway	97	56	1,344
Panama	13	68	1,551
Paraguay	91	23	537
Peru	7	6	148
Poland	338	144	3,309

Table 7 (continued)

Country of origin	Tonnes	CIF Value: US$ (thousands)	CIF Value: Colombian pesos (thousands)
Portugal	77	39	91
Puerto Rico	117	208	4,81[illegible]
Romania	31	[illegible]	1,408
Scotland	271	269	6,170
Soviet Union	1,166	784	18,148
Spain	1,726	1,263	28,141
Sri Lanka	21	19	434
Sweden	1,026	1,316	30,467
Switzerland	368	2,124	47,697
Taiwan	688	1,474	34,718
United Kingdom	7,194	4,755	92,112
United States	73,642	29,414	682,568
Uruguay	739	1,690	38,667
Venezuela	3,041	375	8,597
Yugoslavia	10	92	2,1[illegible]
TOTAL	141,7[illegible]5	77,850	1,783,633

Source: Barranquilla Free Zone

-- indicates a quantity smaller than the unit of measure employed.

During the first half of 1973, a total of 8,728 authorizations were given for the shipment of goods into the Free Zone, for a value of US$77,850,000. When compared with the figure for the first half of 1972 (US$71,444,000), this represents an increase of 8.9 per cent.

It is important to note, when ranking the countries which exported goods to the Free Zone, that of the 77,850,000 dollars' worth of goods received in the Zone, the United States accounted for 37.8 per cent, followed in descending order by the Federal Republic of Germany with 13.3 per cent, Japan with 7.3 per cent, and the United Kingdom with 6.1 per cent. The remaining amount (35.5 per cent) originated in other countries.

Table [illegible]

Inflow of goods by product groups during the first half of [illegible]
(January – June)

Product	[illegible]	$ thousand	[illegible]	[illegible]
Vegetable products	[illegible]	[illegible]	[illegible]	[illegible]
Food industry products	[illegible]	[illegible]	[illegible]	[illegible]
Animal fat and oils	[illegible]	[illegible]	[illegible]	[illegible]
Mineral products	[illegible]	[illegible]	[illegible]	[illegible]
Chemical industry products	[illegible]	[illegible]	[illegible]	[illegible]
Plastics materials	[illegible]	[illegible]	[illegible]	[illegible]
Skins, hides and manufactures produced therefrom	[illegible]	14[illegible]	[illegible]	[illegible]
Wood, charcoal and wood manufactures	[illegible]	[illegible]	[illegible]	[illegible]
Paper and paper products	[illegible]	[illegible]	[illegible]	[illegible]
Textile materials and manufactures produced therefrom	[illegible]	[illegible]	[illegible]	[illegible]
Stone, plaster, asbestos and glass products and manufactures produced therefrom	41[illegible]	19	[illegible]	[illegible]
Common metals and manufactures produced therefrom	4,700	[illegible]	[illegible]	[illegible]
Machinery and apparatus; electrical equipment	10,339	[illegible]	[illegible]	[illegible]
Transport equipment	[illegible]	5,[illegible]	131,174	[illegible]
Optical and photographic instruments; medical and surgical equipment	118	9[illegible]	[illegible]1,201	1.[illegible]
Miscellaneous goods and products not elsewhere listed	153	201	4,632	0.[illegible]
TOTAL	141,735	77,850	1,783,633	100.0

Source: Barranquilla Free Zone

A point to be noted in this summary, by product group, of goods brought into the Zone during the first six months of 197[illegible] is that products of the [illegible] industry accounted for [illegible].1 per cent of the total (1,[illegible] million pesos). The two next most important categories of goods are machinery, apparatus and electrical equipment with [illegible] per cent, and common metals and manufactures thereof with 1[illegible] per cent. The remaining groups make up the difference of [illegible].1 per cent.

If [illegible] the [illegible] goods [illegible] the 2 [illegible], it can be readily seen that these three product groups have always headed the list both in total tonnage and monetary value.

Table [illegible]

Comparison of the value of the goods brought into the Zone and their origin during the first half of 197[illegible] and the first half of 197[illegible]

Country of origin	(January - June) CIF Value 197[illegible] US$ (thousands)	197[illegible] US$ (thousands)	Percentage of increase or decrease
Africa	--	[illegible]	+10[illegible]
Argentina	[illegible]	1,[illegible]	+7[illegible]
Australia	[illegible]	[illegible]	+1[illegible]
Austria	77	[illegible]7[illegible]	+[illegible]
Belgium	1,[illegible]	500	-[illegible]
Brazil	1,055	1,571	+49
Canada	2,480	[illegible]	-[illegible]1
Chile	158	67	-58
Colombia	787	[illegible],443	+210
Costa Rica	1	1	0
Czechoslovakia	161	78	-52
Denmark	92	168	+83
Ecuador	18	1	-98
Ethiopia	1	--	-100
Finland	504	240	-53
France	1,113	2,727	+145
German Democratic Republic	2	48	+2300
Germany, Federal Republic of	6,683	10,382	+55
Honduras	1	--	-100
Hong Kong	1	--	-100
Hungary	--	1	+100

Table 9 (continued)

Country of origin	(January - June) CIF [illegible] 197[illegible] US$ (thousands)	197[illegible] US$ (thousands)	Percentage of [illegible]
India	[illegible]		-[illegible]
Iran	[illegible]	17[illegible]	-[illegible]
Israel	[illegible]	[illegible]	+[illegible]
Italy	3,[illegible]	[illegible],[illegible]7[illegible]	-[illegible]
Jamaica	1	[illegible]	+
Japan	4,007	[illegible],[illegible]	+[illegible]
Korea	11[illegible]	[illegible]	-[illegible]
Luxembourg	4	--	-100
Madagascar	7	4	-4[illegible]
Malaysia	[illegible]	--	-1[illegible]
Mexico	2,44[illegible]	9[illegible]7	-[illegible]
Netherlands	1,999	[illegible],139	+[illegible]
Nicaragua	—	1	+100
Norway	188	56	-70
Panama	15	[illegible]	+[illegible]
Paraguay	90	[illegible]	-[illegible]
Peru	63	[illegible]	-40
Poland	37	14[illegible]	+[illegible]
Portugal	89[illegible]	39	-9[illegible]
Puerto Rico	65	208	+[illegible]
Romania	190	[illegible]	-[illegible]4
Scotland	53	[illegible]69	+40[illegible]
Soviet Union	371	784	+111
Spain	1,051	1,2[illegible]	+20
Sri Lanka	51	19	-63
Sweden	901	1,316	+4[illegible]
Switzerland	2,559	2,124	-17
Taiwan	79	1,474	+17[illegible]5
United Kingdom	4,085	4,755	+16
United States	33,237	29,414	-12
Uruguay	57	1,690	+2864
Venezuela	18	375	+1983
Yugoslavia	68	92	+35
TOTAL	71,444	77,850	+9

Source: Barranquilla Free Zone

-- indicates a quantity smaller than the unit of measure employed.

Comparison of the value of the goods received from countries using the Free Zone during the first half of 197[illegible] and the first half of 19[illegible] reveals that although the United States continued to account for the largest value of goods brought into the Zone, its share fell off by 1[illegible] per cent with respect to the previous period, at the same time that the Federal Republic of Germany showed an increase of [illegible] per cent, Japan of 4[illegible] per cent, and the United Kingdom of [illegible] per cent. Certain other countries showed substantial increases, although their share in the total value is very small.

• Outflow of goods during the first half of [illegible]

Table 1[illegible]

Destination of goods leaving the Zone during the first half of 197[illegible]

(January - June)

Destination	Tonnes	CIF value: US$ (thousands)	CIF value: Colombian pesos (thousands)
Antioquia	14,199	[illegible]	[illegible]04,48[illegible]
Atlántico	1[illegible],58[illegible]	[illegible]	[illegible],91[illegible]
Bolívar	[illegible]7[illegible]	[illegible]	[illegible]
Boyacá	--	--	1[illegible]
Caldas	[illegible]	[illegible]	[illegible]
Caquetá		[illegible]	1[illegible]0
Chocó	--	--	[illegible]
Córdoba		4	100
Cundinamarca	[illegible]	4[illegible]	1,0[illegible]
Huila	[illegible]	1[illegible]	[illegible]
Leticia	[illegible]	1[illegible]	[illegible]
Norte de Santander	[illegible]1	11[illegible]	[illegible]
Nariño	1	[illegible]	[illegible]9
Risaralda	[illegible]	[illegible]	[illegible]
Quindío	[illegible]	[illegible]	1,[illegible]
San Andrés	160	7[illegible]	1,[illegible]
Santander del Sur	775	1,[illegible]14	[illegible]
Sucre	4	1[illegible]	[illegible]
Tolima	[illegible]	[illegible]	[illegible]
Valle del Cauca	8,065	[illegible],029	1[illegible]7,60[illegible]
SUB-TOTAL	110,898	7[illegible],[illegible]71	1,[illegible]18,[illegible]
Exports a/	[illegible]0	1,[illegible]	[illegible]
Re-shipments abroad	1,[illegible]	[illegible]	20,[illegible]
Re-imports	[illegible]	[illegible]	18,0[illegible]
GRAND TOTAL	11[illegible],409	75,577	1,[illegible]87,[illegible]

Source: Barranquilla Free Zone

-- indicates a quantity smaller than the unit of measure employed.

a/ FOB value.

Withdrawals of goods during the first half of [illegible] [illegible] 1,[illegible]87 million pesos. Of this sum 1,[illegible] million pesos' worth were [illegible] into Colombia proper and paid customs duties amounting to [illegible] million pesos. The sum for gross exports to third countries was [illegible] million [illegible] shipments - that is, goods which underwent no processing - [illegible] and, finally, for re-imports, [illegible] million pesos.

Of the goods sent to the national customs territory, [illegible] per cent were imported by industrialists in Cundinamarca, [illegible] per cent [illegible] Antioquia, [illegible] per cent by Atlántico, [illegible] per cent by Valle del Cauca, and [illegible] per cent were distributed throughout the rest of the country.

Table [illegible]

Outflow of goods by product groups during the first half of [illegible]
(January - June)

Product	Tonnes	[illegible] (thousands)	Colombian pesos (thousands)	Percentage
Vegetable products	1,[illegible]	1,[illegible]	[illegible]	[illegible]
Animal or vegetable fats and oils	[illegible]	[illegible]	[illegible]	[illegible]
Food industry products	1,[illegible]	[illegible]	[illegible]	[illegible]
Mineral products	[illegible]	[illegible]	[illegible]	[illegible]
Chemical industry products	[illegible]	[illegible]	[illegible]	[illegible]
Plastic materials, rubber and rubber manufactures	[illegible]	4,[illegible]	[illegible]	[illegible]
Skins, hides and manufactures produced therefrom	[illegible]	[illegible]	[illegible]	[illegible]
Paper and paper products	[illegible]	1,[illegible]	[illegible]	[illegible]
Wood, charcoal and manufactures produced therefrom	[illegible]	49	1,[illegible]	[illegible]
Textile materials and manufactures produced therefrom	[illegible]	[illegible]	[illegible]	[illegible]
Stone, plaster, asbestos and glass products and manufactures produced therefrom	704	701	15,[illegible]	0.9

Table 11 (continued)

Product	Tonnes	US$ (thousands)	Colombian pesos (thousands)	Percentage
		CIF Value		
Footwear, umbrellas and hair manufactures	.		1[illegible]	--
Common metals and manufactures produced therefrom	[illegible],804	8,[illegible]	1[illegible],[illegible]	11.4
Machinery and apparatus; electrical equipment	[illegible],[illegible]61	21,887	47[illegible],404	[illegible]
Transport equipment	[illegible],564	4,[illegible]50	[illegible],77[illegible]	[illegible]
Optical instruments; medical and surgical equipment	1,[illegible]	1,[illegible]	[illegible],[illegible]1[illegible]	[illegible]
Goods not elsewhere listed	14[illegible]	3[illegible]	7,42[illegible]	[illegible].4
TOTAL	11[illegible],40[illegible]	75,577	1,[illegible],[illegible]40	100.0

Source: Barranquilla Free Zone

The chemical industry accounted for 31. per cent of the grand total (1,6[illegible] million pesos) of the monetary value of the goods which left the Free Zone. Following in order of importance are machinery, apparatus and electrical equipment with 28.2 per cent of the total, common metals and their manufactures with 11.4 per cent, and textile materials and their manufactures with 7.5 per cent. The remaining sectors accounted for 21.7 per cent of the total.

Table [illegible]

[illegible] table of exports for the first half of [illegible] and the first half of [illegible]

[illegible]

Product	First half of [illegible]	First half of [illegible]	[illegible]
Manufactured in the Zone			
Pieces of leather for shoe uppers	[illegible]	[illegible]	+[illegible]
Children's [illegible]	[illegible]	[illegible]	+[illegible]
Women's lingerie	[illegible]	[illegible]	+[illegible]
Women's trousers	[illegible]	[illegible]	+[illegible]
Men's [illegible]	[illegible]	[illegible]	+[illegible]
Women's [illegible]	--	[illegible]	+[illegible]
Double-stitched trousers	--	[illegible]	+[illegible]
Calleras	--	[illegible]	+[illegible]
Leather wallets	[illegible]	--	-[illegible]
Men's suits	[illegible]	--	[illegible]
SUB-TOTAL	[illegible]	1,[illegible]	+[illegible]
Not manufactured in the Zone			
Marine paint	[illegible]	--	-[illegible]
GRAND TOTAL	[illegible]4	1,[illegible]	+[illegible]

Source: Barranquilla Free Zone

-- indicates a quantity smaller than the unit of measure employed.

Generally speaking, the great bulk of exports both during the first half of 197[illegible] and the first half of 197[illegible] was accounted for by products manufactured within the Zone and the increase in exports amounted to [illegible] per cent, despite the fact that exports of certain products fell off by 100 per cent over the period in question.

Exports continue to be the Free Zone's most important activity, and their very rapid increase is an indication of the expected upturn in the manufacturing industry and of the currency revenues which it will contribute to the country's balance of payments.

Table 1.

Comparative table of exports of national inputs during the first half of 1972 and the first half of 1973
(January - June)

FOB Value

Products	Total for 1972	First half of 1972	First half of 1973	Percentage of increase or decrease
	Thousands of pesos			
Footwear	1,[illegible]	--	[illegible]	+100
Ready-to-wear clothing	[illegible]	[illegible]	[illegible]44	+759
Metalworking	--	--	1,11[illegible]	+100
TOTAL	[illegible]40	[illegible]	11,108	+1.430

Source: Barranquilla Free Zone

-- indicates a quantity smaller than the unit of measure employed.

Total exports of national inputs during the first half of 1973 amounted to 11.1 million Colombian pesos, representing a considerable increase of 1,430 per cent over the previous period.

It is important to note that the value of inputs exported during the first six months of 1973 alone was 205 per cent higher than for the entire year 1972, rising from 3.6 million pesos to 11.1 million. For the most part, these national inputs are Colombian labour, which shows that in addition to contributing to the country's balance of payments, the Free Zone is also meeting one of its basic objectives, namely, to create employment.

2.5 **Industrial aspect of the Free Zone**

Table 14

Branch and number of plants, persons employed and capital invested in the Free Zone to August 1973

Branch	Number of plants	Persons employed	Capital invested (thousands of pesos) */
Installed			
Leather manufactures	1	[illegible]	[illegible]
Textile manufactures	[illegible]	1,45[illegible]	[illegible]
Metalworking	1	1[illegible]0	4,[illegible]50
Canning	1	[illegible]	1,[illegible]71
Parts and spares	[illegible]	14	500
Scrap	1	[illegible]	[illegible]00
	15	1,79[illegible]	[illegible]
Being installed			
Leather manufactures	[illegible]	450	
Textile manufactures	7	1,850	
Electrical equipment	1	200	
Wood manufactures	1	200	
Canning	2	200	
Machinery	1	100	
Glass manufactures	1	100	
	16	3,100	

Source: Barranquilla Free Zone

Figures are not available for the new investments.

[illegible] Buildings constructed by the Free Zone

Table 15

Areas built by the Free Zone during the period 1965-1973

A. Industrial area	Square metres
Building "A"	3,167
Building 4	10,732
Building 5	6,085
Building 6	6,714
Building 7	13,289
Building 8	10,164
Distral Plant	6,000
Sub-Total	56,151

*/ To August 1973

Table 15 (continued)

B. Commercial area		Square metres
Warehouse 1		3,000
Warehouse 2		3,000
Warehouse 3		5,261
Warehouse 5		1,544
Warehouse 8		8,712
	Sub-Total	21,517
C. Facilities under construction		
Industrial Centre (five 4-storey blocks)		34,188
Building 9		7,130
	Sub-Total	41,318
	GRAND TOTAL	118,986

Barranquilla Free Zone, 19 January 1973

2.7 Buildings constructed by the users

Table 15A

Buildings constructed by the users during the period 1965-1973

Area		Square metres
A. Industrial		49,053
B. Commercial		19,147
C. Chemical complex		34,400
	TOTAL	102,600

Barranquilla Free Zone, 19 January 1973

2.8 Investments made in the Free Zone

Table 16

Investments made by the Free Zone and by private investors during the period 1965-1973

(in thousands of pesos)

Year		Free Zone	Private Investors	Total
1965		3,206	8,739	11,945
1966		6,631	852	7,483
1967		1,238	66	1,304
1968		7,858	95	7,953
1969		9,953	2,527	12,480
1970		7,288	6,625	13,913
1971		6,618	6,820	13,438
1972		17,933	42,186	60,119
1973 */		15,640	46,000	61,640
	TOTAL	76,365	113,900	190,265

Source: Barranquilla Free Zone

It will be seen from the table above that investment in 1973 up to October amounted to approximately 61.6 million pesos, 75 per cent of which had been made by private investors and 25 per cent directly by the Zone.

*/ To October 1973

CHAPTER III

3. Macro-economic aspects of the Barranquilla Free Zone

3.1 Creation of employment

By mid-1973 investment in infrastructural facilities for the Barranquilla Free Zone amounted to some 76.3 million Colombian pesos.

At the present time (August 1973), about 5,000 jobs have been created, including 145 in the Zone administration. Thus from the point of view of the national economy, the investment per job created was 15,000 pesos. This stands in contrast to the situation from 1962 to 1966 when only 34,000 jobs were created in the Colombian industrial sector, at an annual rate of 7,000 and at a fixed investment of 100,000 pesos in constant 1958 prices for each job created.3/

It is also interesting to note that the total fixed investment in the Colombian construction industry was more than 50,000 pesos per job created in 1972.4/

3.2 Availability of manpower

A study made in 1970 disclosed that the economically active population in the Department of Atlántico stood at 1,204,000, of whom 1,085,000 were employed and 114,000 were classified as unemployed.5/

Similarly, a survey carried out by the Centre for Economic Development Studies (CEDE) covering the country's major cities revealed the following data:

Urban job opportunities in 1967
(percentage of the urban workforce)

		Total
(a)	Visible unemployment (jobless persons in search of work	14%
(b)	Hidden unemployment (jobless persons who would probably seek work if the unemployment rate were lower)	7%
(c)	Hidden and visible under-employment (persons who work less than 32 hours a week)	5%
		26%

3/ National Planning Department, document DNP-394-URH-Junio 1969, annex 1.

4/ Camacol, Cundinamarca.

5/ Study by the Data Bank (DANE).

If, therefore, we take 26 per cent of the economically active population of 1.2 million, it is clear that some 300,000 persons are available for employment.

These facts indicate that there is a virtually inexhaustible source of manpower for the Free Zone. It should also be noted that unemployment is much greater in the 15-to-24 age group, the figure here being 57 per cent,[6] a circumstance which suggests the type of industry that should be selected for the Free Zone.

3.3 National value added

To date, the value added has been typical for the ready-made clothing industry, fluctuating between 35 and 30 per cent. Thus, up to October 19 , exports of products manufactured in the zone amounted to a total of $2,727,000, for which the national input, consisting almost entirely of labour, was $772,781.[7]

3.4 Training of personnel for the industries of the Free Zone

The National Apprenticeship Service (SENA) is the agency which advises enterprises and trains the required personnel. Recently, this organization carried out a direct survey among the workers and employees of the Free Zone for the purpose of determining their technical level and, on this basis, devising courses better suited to present and future needs.

3.5 Services provided to the Free Zone

A. Electric power

At the present time, the Zone has an installed capacity of 700 kWh, capable of meeting the requirements of an industrial area of 600,000 m^2 with a 50-per-cent duty cycle, not counting the load for lighting. This installation provides a margin for expanding the installed capacity by 25 per cent. Present consumption is about 1,200 kVA.

6/ Employment and unemployment survey, Centre for Economic Development Studies, 1967.

7/ Source: Barranquilla Free Zone.

B. Water

Water is supplied to Barranquilla (by Empresas Públicas de Barranquilla) through a 16-inch conduit with a capacity of 500 litres per second. The Zone's internal distribution system uses pipes of 10, 8 and 6 inches in diameter. The Technical Department of the Zone considers that the capacity now installed is sufficient to support any future expansion of the Zone.

C. Sewerage

The Free Zone has no sewerage system of its own. The industrialists in the Zone have their own septic tanks put in. A system therefore needs to be built, the cost of which would be approximately 7 million pesos.

CHAPTER [illegible]

4. Budgetary and financial analysis ([illegible] - October [illegible])

4.1 Historical analysis of revenue

During the period from [illegible] October [illegible], the revenue [illegible] by the Office of the Treasurer of the Barranquilla Free Zone amounted [illegible] million Colombian pesos. The sources of this revenue were: operating revenue, including rentals, storage, docking and unloading charges; and non-operating revenue.

Table [illegible]

Revenue collected by the Industrial and Commercial Free Zone of Barranquilla during the period [illegible] - [illegible]

(in thousands of pesos)

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] a/	Percentage of increase over [illegible]
Rentals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Storage	[illegible],402	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dockage and unloading	--	--	[illegible]4	[illegible]	41	[illegible]
Total operating revenue	4,770	9,102	12,8[illegible]	21,[illegible]	[illegible]	[illegible]
Non-operating revenue	186	185	189	[illegible]01	[illegible]	[illegible]1.0%
Total of Zone's own resources	4,956	9,287	13,022	22,052	15,991	222.0%

Source: Office of the Treasurer, Barranquilla Free Zone

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a/ To 30 October 1973

Table [illegible]A

Revenue collected by the Industrial and Commercial Free Zone of Barranquilla [illegible]

(in thousands of pesos)

	1969 a/	1970	Percentage	[illegible]	Percentage	[illegible]	Percentage	[illegible] b/	[illegible]
1. **Rentals**	1,368	1,829	33.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(a) Buildings	784	851	8.5	1,055	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(b) Grounds	584	978	67.4	1,076	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2. **Storage**	3,402	7,27[illegible]	113.[illegible]	10,[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(a) Buildings	2,140	4,44[illegible]	107.6	[illegible],118	185.[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(b) Yards	1,262	2,830	124.2	4,51[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3. **Package and unloading service**	--	--	--	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total operating revenue	4,770	9,102	90.8	12,[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4. **Non-operating revenue**	186	185	-0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total of Zone's own resources	4,956	9,287	87.[illegible]	13,02[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

a/ **Base year for the percentage columns is 1969 = 100.**

b/ **Revenue up to 30 October 1973.**

It is clear from tables 1[illegible] and 1[illegible]A that over the period 1969 - October 197[illegible] the increase in the total revenue collected amounted to [illegible] per cent and that the components of this revenue underwent increases of more than [illegible] per cent.

4. Historical analysis of expenditure

For the same period 1969 - October 197[illegible], the total expenditure of the Barranquilla Free Zone amounted to [illegible].8 million pesos, broken down into [illegible].4 million pesos for operating expenses and [illegible].4 million pesos for investment costs. The ratio of investment to operating expenses bears witness to a sound policy for the use of the revenue collected.

Table 18

Expenditure of the Barranquilla Free Zone during the period 1969-1973 */

(thousands of pesos)

Year	Operation		Investment **/		Total
1969	4,573		9,953		14,526
1970	5,179		7,288		12,467
1971	7,540		6,610		14,150
1972	9,979		17,933		27,912
1973	9,194		15,640		24,834
	36,465	39%	57,424	61%	93,889

Source: Office of the Treasurer, Barranquilla Free Zone

It can be seen from table 18 that operating expenditure accounts for no more than 39 per cent of the total expenditure, while investment represents 61 per cent, a fact which testifies to the efforts and skill of the Zone's management in re-investing most of its income in infrastructural facilities to make it possible to provide good service to its customers.

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*/ To 30 October 1973.

**/ Includes the contribution of the National Government.

[illegible] Analysis of the operating results

An analysis of how the investments of the Barranquilla Free Zone have been financed can be seen in table [illegible].

Table [illegible]

[illegible] of the investments of the Barranquilla Free Zone during the period [illegible] a/

(in thousands of pesos)

Year	Government contributions		Surplus		Investment
[illegible]	[illegible]		[illegible]		[illegible]
[illegible]	[illegible]		1,[illegible]		[illegible]
[illegible]	4,000		[illegible]		[illegible]
1972	2,400		12,0[illegible]		[illegible]
1973	[illegible],000		[illegible]		[illegible]
	[illegible]	[illegible] %	[illegible]	[illegible] %	[illegible]

Source: Office of the Treasurer, Barranquilla Free Zone

The annual reports prepared by the Zone's management indicate that the effort to achieve an operating surplus has been made in order to finance a considerable portion of the investment, since the Government's [illegible] of capital have not been adequate to keep pace with the Zone's development needs. During the period from 1960 to 197[illegible], the Zone received 54.4 million pesos in Government contributions and 2 million pesos from the Department of Atlántico.

The contributions of the National Government between 1969 and October 19[illegible] amounted to 23.2 million pesos, representing 40 per cent of the total investment, while the operating surplus for the same period reached the figure of 28.8 million pesos or 50 per cent of the cost of investment.

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a/ To 30 October 1973.

This [illegible] resulted from [illegible] operating costs [illegible] the [illegible] of [illegible] management [illegible] the Zone's [illegible] administration [illegible] treatment of employment, with [illegible] expenditure.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]	Studies	Purchase of land	Infrastructure costs	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] warehouse				[illegible]			[illegible]
[illegible] water lock	[illegible]		[illegible]	[illegible]			[illegible]
[illegible] water [illegible]			[illegible]				[illegible]
[illegible] water equipment					[illegible]		[illegible]
[illegible] "Negra": [illegible] phase	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]
[illegible] "Negra": [illegible] phase		[illegible],000	[illegible],000	[illegible],000			[illegible]
[illegible]erage	[illegible]00		[illegible],000				[illegible]
[illegible]tioning of [illegible]			[illegible],500				[illegible]
[illegible]wer			[illegible]				[illegible]
[illegible] furnishings					1,000		[illegible],000
[illegible]ing			4,670				[illegible]
[illegible]ustrial centre				28,611			[illegible]
[illegible]er system			1,045				1,045
[illegible]ministration building				1,000			1,000
[illegible]arehouse No. 10				10,000			10,000
[illegible]nancing costs						2,250	[illegible],250
TOTAL	3,300	30,800	61,830	207,611	35,000	2,250	[illegible]40,191

Table 20A shows that of the [illegible]40 million pesos, in [illegible] prices, which is the cost of the investment programme for 19[illegible]4-19[illegible], the sum of [illegible] million pesos will be required in the form of credits from national financing institutions and 134 million from international financing institutions.

Table 20A

Financing of specific projects for 19[illegible]4-19[illegible]

(in thousands of pesos)

	FINANCING		
1.	National budget		₡C[illegible] 4[illegible],000
2.	Credits		
	Internal	₡Col. 29,661	
	External	134,000	16[illegible],661
3.	Zone's own resources		1[illegible]4,5[illegible]0
	TOTAL		₡Col. [illegible]40,1[illegible]1

[illegible]

[illegible]

On the basis of the evaluation which has been made, the Barranquilla Free Zone can be said to have reached what [illegible] stage – "identification of industrial branches".

This phase [illegible] marked [illegible] expansion [illegible] Zone's physical capacity, should that be necessary, and [illegible] the provision of a wider range of services and improvement of those that are already available.

Transport services are of key importance for any free zone, and in the case of Barranquilla the goal is to make available systems to facilitate cargo handling in general, and specifically the handling of cargo in containers, for transport by air, land and river.

This approach has led to the proposal of two specific projects: first, a dock and yard for containers, and second, the construction of a terminal, controlled and owned by the Free Zone, in the airport area.

[illegible] Air terminal in the Barranquilla Airport area

This project is to begin as soon as possible for the following reasons.

A. Justification

A 1. The Department of Civil Aviation is in the process of implementing the plans for the expansion of Barranquilla Airport. As a result, the terminal for the Free Zone must be incorporated in this project, in accordance with the terms of reference worked out by the Zone's Technical Department.

A 2. At the present time, the inputs destined for the Zone and the products manufactured in it suffer from a shortage of warehouse space and equipment for handling the cargo at the municipal airport.

A 3. The ready-made clothing industry – the branch that has undergone development in the Zone – relies heavily on air transport. This is evident in table 21.

Table 21

Raw materials delivered to firms in the Free Zone during the period May-August 1973 a/

(by sea)

Firm	Tonnes	US$ (thousands)	Colombian pesos (thousands)
Textiles Internacionales	8	45	1,0[illegible]
Colombia Knits Inc.	1	2	4[illegible]
Exportadora de Manufacturas Textiles "EXMANTEX"	1	8	1[illegible]4
World Fashion	8	27	4[illegible]2
Confecciones Vanytor	10	45	1,085
Confecciones Internacionales	21	76	1,759
Sub-Total	49	203	4,591

(by air)

Firm	Tonnes	US$ (thousands)	Colombian pesos (thousands)
Textiles Internacionales	79	378	8,935
Colombian Knits Inc.	-	3	76
Confecciones y Exportaciones Colombianas "CONFEXCOL"	14	57	1,341
World Fashion	81	337	8,409
Confecciones Vanytor	54	224	5,571
Confecciones Internacionales	14	54	1,257
Sub-Total	242	1,053	25,589
Grand Total	291	1,256	30,180

Barranquilla Free Zone, 4 September 1973

a/ Inputs to industries of the Free Zone: a direct survey.

B. Terms of reference

The terms of reference for the construction of the terminal must include the following considerations:

B 1. An area of [illegible] square metres.[8]

B 2. The site of the air terminal must allow for the possibility of future expansion.

B 3. The clearance height of the terminal must be at least [illegible] metres.

B 4. There must be easy access from the terminal to the motor road leading to the airport.

B 5. There must be provision for the future construction of a platform for aircraft.

B 6. The siting and design of the structures must be agreed upon by the Department of Civil Aviation.

B 7. The noise factor, a consideration of critical importance for industries located near air terminals, can be disregarded since no factories are to be installed in the terminal area of the Free Zone.

C. Functions

The functions of the Free Zone terminal include the following:

C 1. To receive and dispatch freight from the Free Zone.

C 2. To provide specialized equipment and trained personnel for freight handling.

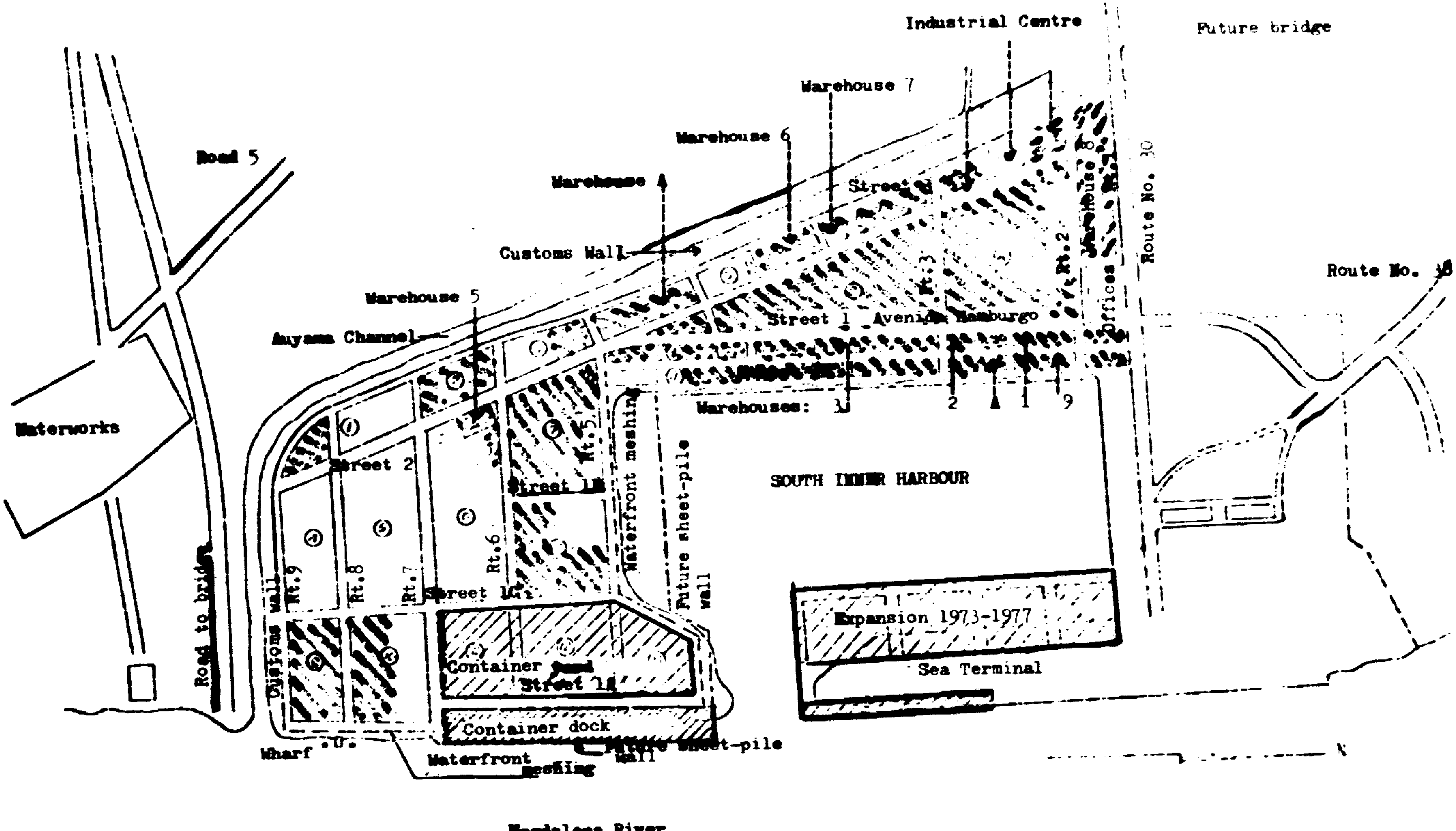
C 3. To serve as a collection point for national export products using domestic air services and, later, ocean-going transport in containers (for shipment to Europe).

5.1.2 Container dock and yard [9]

The other proposal aimed at providing expanded Free Zone services is the port container project. This project provides for the possibility of building a dock and yard area for the efficient handling of freight containers. The study must take into account the following considerations.

8/ This is the area required for the warehousing of finished products and imported inputs, assuming 5,000 sewing machines in operation in the Free Zone.

9/ See annex No. 1.



Plan No. 1

Industrial and Commercial Free Zone
of Barranquilla

GENERAL PLAN

Hatched areas indicate occupied zones

Scale: 1:10,000
June 1973

A. The facilities in question will backstop the port installations now in operation at the Barranquilla Sea Port Terminal. Plan No. 1 of the Sea Port Terminal, which is attached, indicates the expansion work to be carried out during the period 1973-1977. It should be noted that it will be necessary to fill in a part of the South Inner Harbour covering an area of 92,400 square metres and to build 360 linear metres of dock. Once this has been done, the possibility of any future expansion will be limited; however, this problem can be solved by extending the Sea Port Terminal through the container dock of the Free Zone and its associated container yard.

B. The Free Zone dock and its associated yard should have a flexible infrastructure. This will mean that if for any reason container freight traffic fails to develop, it should be possible to use the dock and yard areas for conventional cargos. In this way, the financial risk will be held to a minimum.

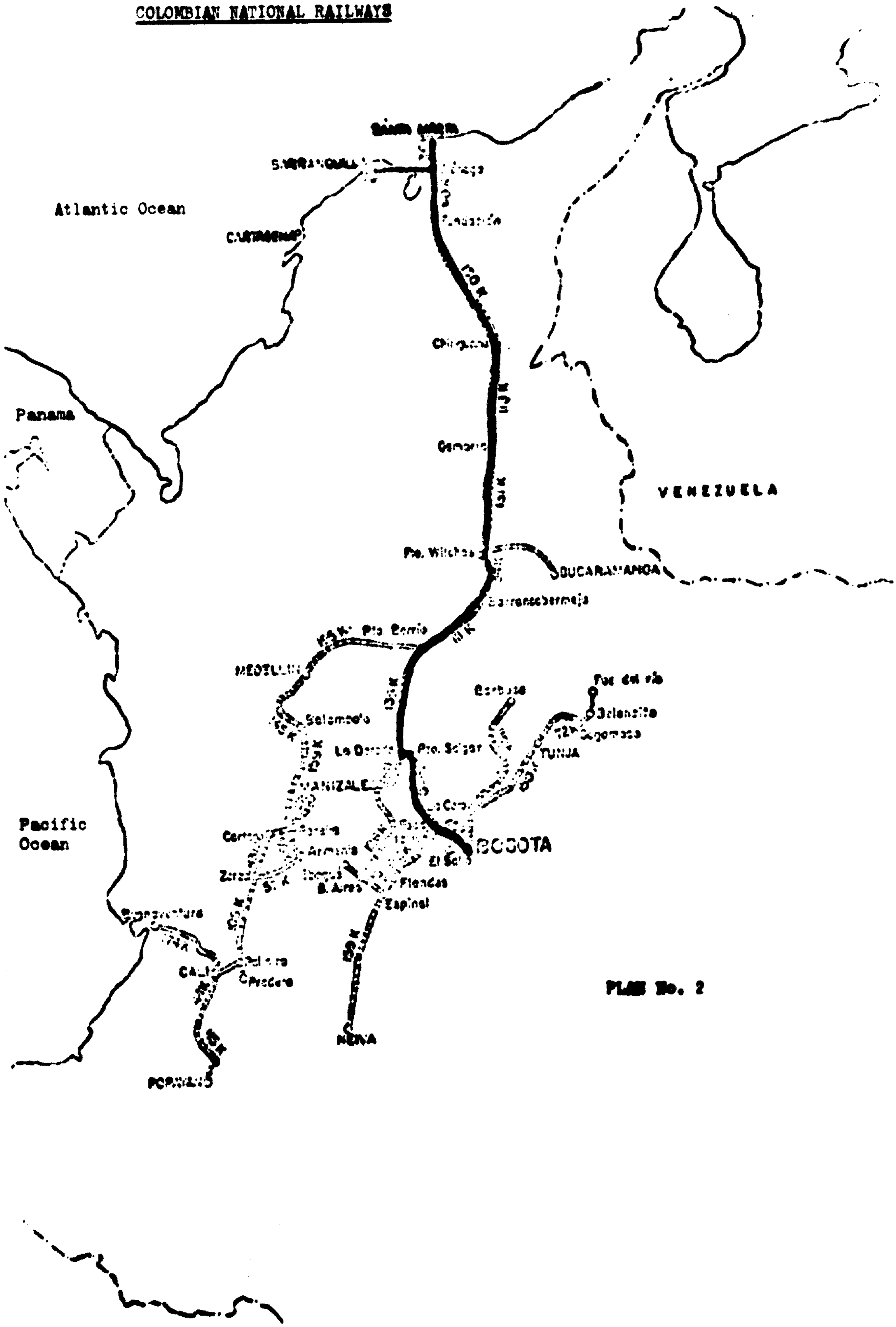
The investment required to make container handling possible will consist of a crane, with the two possibilities of either renting or purchasing it.[10] There are companies, such as "Sea Containers Inc.", which rent cranes for use in places where cargo traffic is moderate. In 1972, rental charges were US$3,500 (per six-month period) for small cranes and up to $55,000 (per six-month period) for the larger variety (35 tonnes). There are a number of ports, among them Oporto in Portugal and Valencia in Spain, which have rented such cranes without having had to introduce any changes into the structure of their docks.

C. The container terminal will furnish the following services:

(a) To serve as a collection and distribution centre for the ports of Cartagena and Santa Marta, where there will be industrial free zones which may possibly make use of this type of transport for both their inputs and their products (footwear, wooden parts, electric motors, etc.);

10/ A crane costs approximately US$700,000. The feasibility study will include an analysis as to the more suitable of the two alternatives - to purchase or to rent.

COLOMBIAN NATIONAL RAILWAYS



PLAN No. 2

(b) To function as a distribution centre for the interior of the country, using the Atlántico railway (the Ciénaga-[illegible] line; see plan No. 2);

(c) To function as a collection point for freight coming in by rail from the interior of the country for further shipment in containers to other countries.

D. It will be necessary to prepare at the same time a study looking into the comparative merits of the container dock versus the so-called "LASH" system, which uses ferrying lighters. In the "LASH" method, a vessel called a "lighter-carrier" reaches a port, unloads a lighter, by means of its own crane, picks up lighters and continues its journey. The lighters used have a cargo capacity of some 400 tonnes and are able to carry cargo of all types - containers, loose cargo, general cargo, etc. One of the disadvantages of the system has to do with the heavy investment required for the mother-ships and lighters.

E. As a result of the energy crisis, the railways have become the principal means of transport for a number of products which were formerly moved by other means.[11]

F. A study will have to be prepared regarding the possible use of containers on the Atlántico railway line, covering the following aspects:

(a) Colombian exports and imports which lend themselves to containerization;

(b) Air freight reaching Barranquilla from the interior and shipped by container abroad (to Europe);

(c) A cost study of national air, river, rail and road transport as compared with rail container transport, in terms of the economy as a whole;

(d) The linking of transport routes between the different regions of the north;

(e) A study of the capacity of the railway rolling stock for the transport of containers from the north coast to the interior of the country;

(f) A study into the possibility of expanding the so-called "Cold Chain" project to cover the use of refrigeration containers.

11/ *Time Magazine*, 10 December 1973.

1. Some remarks on the use of containers

A container vessel with a capacity of 1[illegible],000 tonnes can be loaded in two or three days, while a vessel of conventional type carrying non-containerized cargoes, with a transport capacity of [illegible],000 tonnes, requires about two weeks for the same operation. A specially designed "container" crane can unload 600 tonnes an hour, as opposed to a limit of 15 tonnes an hour for a conventional crane.[12] For ships, the containers provide an economical cargo since a ship's costs are directly dependent on the time it is under way.

A consideration of importance to Colombia is the fact that cargo containerization results in reduced handling costs - not in our country, but in the United States, where the rate is more than US$[illegible].00 an hour. This means that such Colombian products as employ this method of shipment will be more competitive on international markets. If one attempts, however to justify a container dock statistically, one finds that in 1970, out of total Colombian imports of 1,655,848 tonnes, container cargoes accounted for only [illegible] per cent, and out of total exports of 942,984 tonnes, only 6 per cent.[13] There are undoubtedly a great many reasons for this, such as:

(a) A lack of knowledge concerning this system on the part of Colombian export-import circles, due to inadequate promotion and marketing by the private sector;

(b) The absence of suitable port facilities;

(c) The fact that no in-depth study has been made comparing the national cost-benefit ratio of road transport with that of rail transport using containers;

(d) The fact that the energy crisis had not yet taken on its present urgency. Many of the world's countries have built freight-handling facilities of this type in their ports without using them to full capacity.

12/ International Trade Forum, October-December 1972, published by UNCTAD/GATT International Trade Centre.

13/ Boletín Informativo No. 30, Diciembre 1971, Empresa Puertos de Colombia.

Their [illegible] are [illegible]:

(i) [illegible];

(ii) A[illegible] new [illegible] undertaking, [illegible] elapse before the equilibrium point is reached.

In [illegible], United States investment in the [illegible] industry amounted to more than 38[illegible] million.[14]

An interesting [illegible] the port of [illegible], which is the site of the world's best known Free [illegible], is one of the Far Eastern ports best equipped with container-handling facilities. The traffic [illegible] this port [illegible] was: [illegible] containers handled in [illegible]; [illegible],000 in [illegible]; and the expectation of handling more than [illegible],000 in [illegible].[15]

Another factor is that Colombian foreign trade has undergone a degree of expansion that has resulted in congested port conditions for the handling of import and export cargoes. Between 19[illegible] and 1972, cargo traffic increased by [illegible] per cent, from [illegible] tonnes to 2,[illegible]1,000 tonnes. Similarly, if the monthly average for the last ten years is taken as a base, it will be found that in August 19[illegible] Barranquilla moved [illegible]0 per cent more freight than the monthly average, Buenaventura [illegible]0 per cent more, and Cartagena [illegible] per cent more. These figures demonstrate the need for the use of new techniques in ocean-going transport.

H. Present situation

At the present time, the Colombian Port Authority (Empresa Puertos de Colombia), according to information received, has set aside, for the construction of the new customs building at the Barranquilla Sea Port Terminal, an area of some 15,000 square metres, where there are now stored an average of 200 containers measuring 8 x 8 x 20 and 8 x 8 x 40 feet. This would leave the Terminal without a container yard. The Free Zone has an average of 70 containers in its yards, which have earthen and not concrete floors, resulting in difficult handling and damage to the containers.

14/ Howard F. Casey, Deputy Assistant Secretary of Commerce. The Containerization Institute, 13th Annual Conference.

15/ *Taiwan Trade Monthly*, September 1973.

Import container traffic is running at a monthly average of [illegible] units at the port of Buenaventura and at a similar level along the Atlantic coast.

It should also be noted that the draught at the port of Bocas de Ceniza is approximately [illegible]9 feet, which is sufficient for vessels carrying mixed (containerized and non-containerized) cargoes.

Provision has been made in the plans for an area of 55,000 square metres to be used as a container yard (enough for the handling of [illegible],000 containers), with an additional 50,000 square metres for later expansion.[16]

5.2 Territorial expansion of the Free Zone

5.2.1 Present layout

The territory of the Barranquilla Free Zone encompasses an area of 100 hectares (1 million square metres). It is located on the left bank of the Magdalena River and may be regarded, both in terms of its geography and as a port, as an extension of the Barranquilla Sea and River Terminal.

The over-all area breaks down as follows:

(a)	Industrial area	165,000 m^2	16.5 per cent
(b)	Chemical industry area	50,000 m^2	5.0 per cent
(c)	Storage, warehouse and yards area	445,000 m^2	44.5 per cent
(d)	Area reserved for container yard	105,000 m^2	10.5 per cent
(e)	Roads, administration buildings, green areas, water-treatment plant	235,000 m^2	23.5 per cent
(f)	Area available for use	215,000 m^2	21.5 per cent
	Total	1,000,000 m^2	100.0 per cent

Source: Technical Department, Barranquilla Free Zone

16/ On the basis of a study of the Port of Acajutla in El Salvador and its expansion in the period 1975-1980, and also Sea Ports and Sea Port Terminals by Dr. James Bird.

Plan No. 3 of the Barranquilla Free Zone area, which is enclosed, indicates the sections now occuppied. The site set aside for the container yard comprises lots 11, 12 and 13, which can be seen in this plan and cover an area of some 105,000 square metres. The layout adopted shows the co-ordination between the Barranquilla Industrial Free Zone and the Colombian Port Authority.

The purpose of commercial free zones is to serve as storage terminals for goods to be re-exported, or for goods to be imported which are awaiting import licences, or to provide in their yards a more secure storage area than is available at the sea port terminal. With these three considerations in mind, the Barranquilla Free Zone has set aside, during the initial phase of its operations, 44.5 per cent of its space for storage, with the result that the revenues collected from this activity have largely financed the Zone's operating expenses.

The area available for use accounts for 21.5 per cent of the total, a figure which may be regarded as critically low in any industrial context and especially when applied to a dynamically expanding industrial free zone. Fortunately, the planners of the Barranquilla Free Zone made allowance for its future physical expansion by building it adjacent to an undeveloped zone ("Zona Negra"), which covers an area of 82 hectares (820,000 square metres). This zone is owned by government agencies, such as the Municipality of Barranquilla and the Territorial Credit Institute, and by private owners. The effect of industrially developing the "Zona Negra" would be to transform a zone that has been bypassed by progress into an economically viable area.

The following recommendations might be proposed for the development of the "Zona Negra":

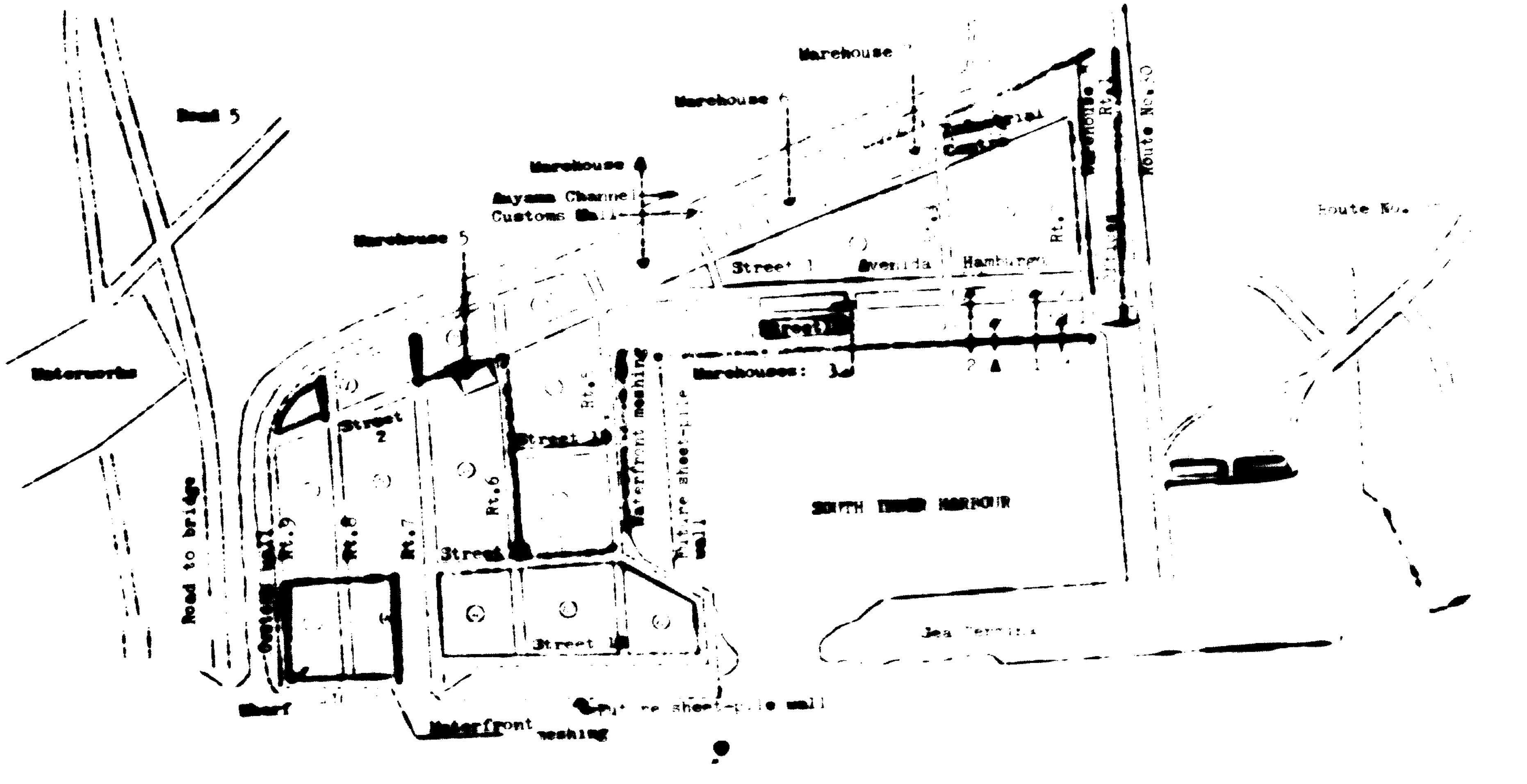
(a) The "Zona Negra" should be declared an area of public importance;

(b) Negotiations should be begun for the purchase of land;

(c) The Zone should be set aside mainly for industrial purposes;

(d) A study should be prepared on the development of the industrial infrastructure;

(e) Consideration should be given to the container project, which will require the building of broad roadways at least 9 metres in width.



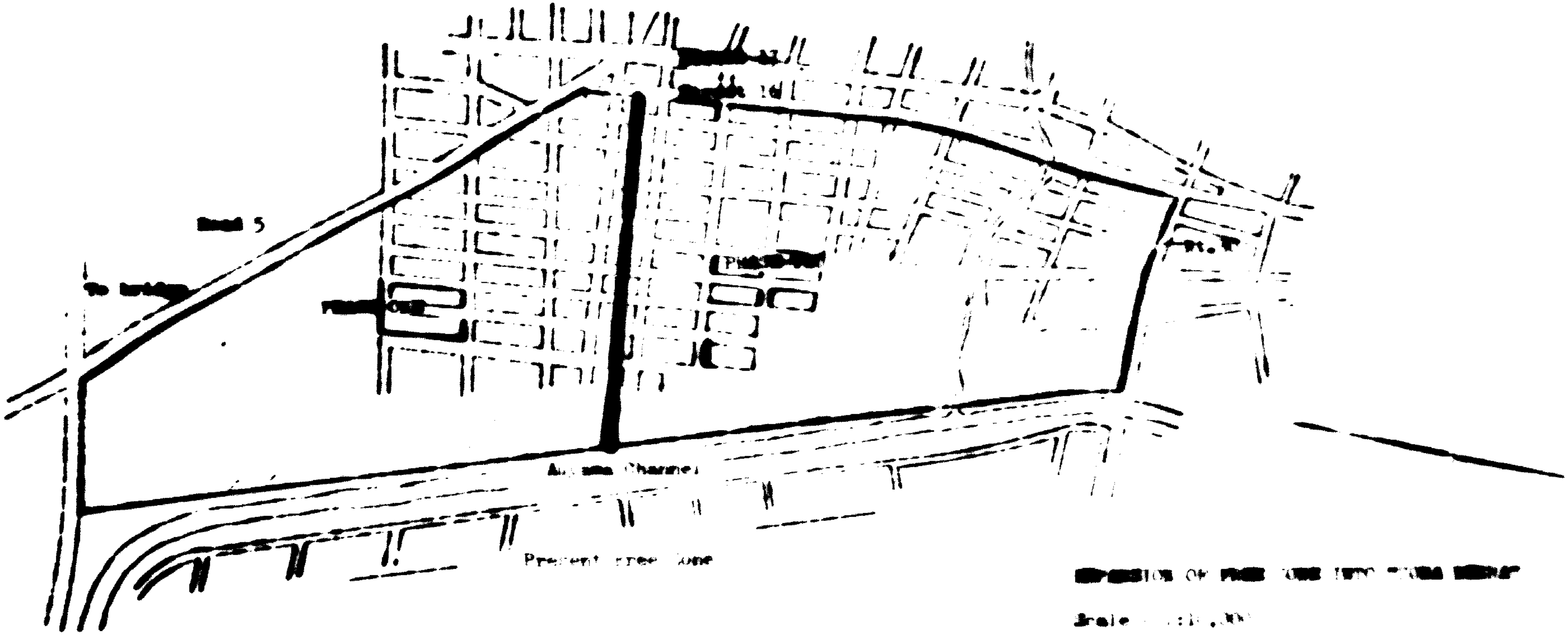
Plan No.

Industrial and Commercial Free Zone of Barranquilla

GENERAL PLAN

Scale

Hatched areas indicate occupied zones



[illegible] OF FREE ZONE INTO [illegible]

Scale [illegible]

Barranquilla, November [illegible]

PLAN No. 4

Development should be completed in two phases, each one covering [illegible] hectares. The section of the "Zona Negra" to be developed first will depend on a number of factors which must be weighed. For example, a study might be made to determine whether it would be better to begin with the least developed section, in order to avoid problems of occupancy, or to proceed immediately with the section already built up and thus take advantage of those infrastructural elements already in place (see plan No. 4).

The Atlántico railway line

This preliminary study has already made mention of the Atlántico railway line as one of the major elements in the transport infrastructure servicing the Northern Free Zones, and for this reason some comments on it are in order.

Colombian Railways operate approximately 1,[illegible]00 flatcars, [illegible]0 per cent of which are [illegible]0 feet in length with a capacity of [illegible]5,000 kg and the other 50 per cent 40 feet in length with a capacity of 40,000 kg. This equipment is ideally suited to the transport of containers.

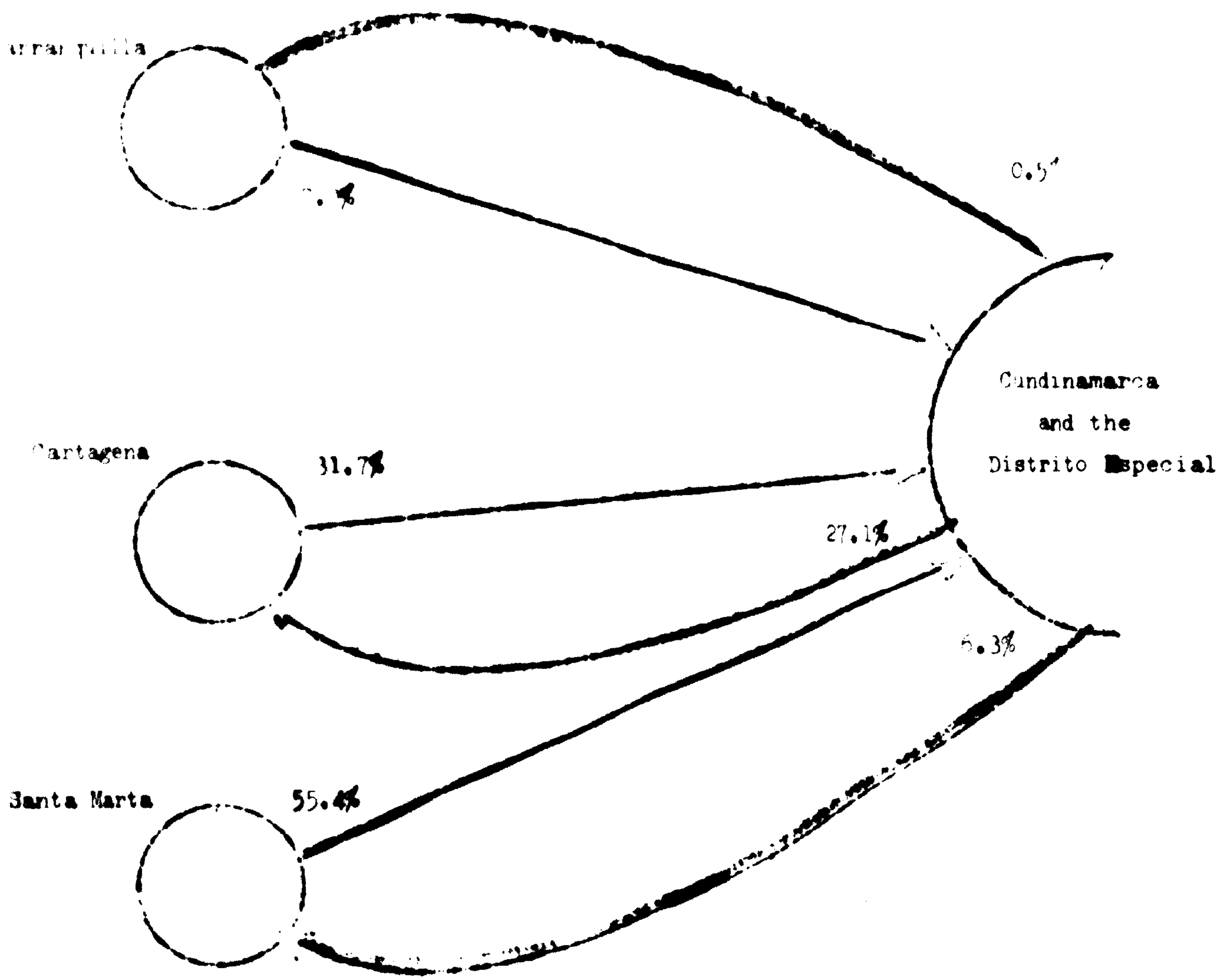
During the second half of 1970s, the World Bank granted a loan of US$25 million to the Railways Administration for the replacement of track and rolling stock. As a result, the country enjoys a very reliable infrastructure for transport from the Coast to the interior and vice versa.

Regarding the interconnexion of the Northern Free Zones with the railway system, the situation is as follows. The Santa Marta port terminal is located at a railhead; from Barranquilla there is a 70-km highway to Ciénaga, the closest railway station; containers can be transported from Cartagena to Barranquilla through the Canal del Dique, this being a far less expensive method than the use of the road, as at present.

There is, at this time, a major imbalance between the volume of freight traffic moving from the Coast to the interior (Cundinamarca - Distrito Especial) and that which travels in the opposite direction. This will be clear from an examination of table 22, which shows that nine times more freight is moved from the Coast to the central areas of the country than vice versa.

Table [illegible]

Imbalance of Transport between the Atlantic ports and Cundinamarca and the Distrito Especial in 19[illegible]



Port	Tonnes dispatched to Cundinamarca	and	Tonnes received from the Distrito Especial
Cartagena	37,330		23,670
Barranquilla	172,010*/		3,245
Santa Marta	190,099		16,996
Totals	399,430 (100%)		43,920 (11%)

*/ Includes 114,054 tonnes dispatched directly from the Free Zone.

CHAPTER VI

6. Projection of financial requirements (Investment Plan for 1974-1982)

6.1 Description of projects for the period 1974-1982

The present building programme for the Industrial and Commercial Free Zone of Barranquilla for the period 1974-1982 includes the projects described in tables [illegible] and 24, at a cost of [illegible]40,191,000 Colombian pesos, itemized as follows:

Airport Warehouse

This project envisages the purchase of land in the airport area and the construction of a 10,000 m^2 warehouse to handle the air traffic in goods delivered to the Zone and the export of the products of the Zone's industries, most of which are in the ready-made clothing branch and use air freight to service their markets.

"Zona Negra": Phases 1 and 2

This project includes the acquisition of 80 hectares of land to the west of the Free Zone in the area known as the "Zona Negra". It also includes the costs for developing an infrastructure on this land and for the construction of industrial and/or commercial buildings (as required), covering a total area of 120,000 m^2 (at an estimated building cost of 1,000 pesos per m^2).

Container dock

This project calls for the construction of a dock, 350 metres long, for the loading and unloading of containerized goods. This method will facilitate the transport of imports and exports by rail, via the road to Ciénaga, the second station on the Atlántico line.

Container yard

The land bordering the west bank of the Magdalena River must be made suitable for the storage of containers.

Container-handling equipment

The equipment required for the handling of the containers must be obtained.

Sewerage

This project contemplates the installation of a sewerage system in the present area of the Zone. The sewerage system in the area of the "Zona Negra" is included in the project "Zona Negra: Phases 1 and 2". The two projects are included in table 24.

Conditioning of the land

This project calls for the final preparation of the Zone's present site, with hydraulic filling and compacted caliche.

Power

This project calls for the completion of the Zone's electrical system. It is included in table 24 together with the electrical system for the "Zona Negra".

Office furnishings

This project proposes the procurement of furnishings for the Zone's administrative offices.

Paving

This project in concerned with completing the paving of the internal roadways of the Zone. This item is included in table 24 together with the paving of the roads of the "Zona Negra".

Industrial Centre

This project includes five buildings, each four storeys tall, with a total area of 34,188 m^2. At the present time, two of the buildings, with an area of 10,752 m^2, are under construction. This project is being financed by a loan from the Banco Popular, on which there is a balance of 26,361,000 pesos, in addition to 2,250,000 pesos which have been specifically allocated in the national budget for 1974.

Water system

This project covers the final work on the water system for the Free Zone. It is included in table 24 together with the water system for the "Zona Negra" area.

Administration Building

This project calls for the enlarging of the Free Zone Administration Building.

Warehouse No. 10

A warehouse of 10,000 m^2 capacity is to be built within the area of the Free Zone by 1974.

Financing costs

The national budget for 1974 has allocated 2,250,000 pesos for payment to the Banco Popular of the interest on the 30-million-peso loan authorized by Resolution No. 105 of the Ministry of the Treasury and Public Credit, dated 5 May 1973.

In table 23, the infrastructure cost for all the projects amounts to 61,830,000 pesos, while table 24 gives the figure of 57,830,000 pesos. The difference of 4 million pesos is due to the fact that table 24 lists under port facilities the item "Dredging of navigable channel" for 4 million pesos, the same sum being given in table 23 as an infrastructure cost, under the project "Container dock". Table 24 lists, under item 4 "Building construction", sub-item (b) "Commercial warehouses", the amount of 30 million pesos. This sum covers the construction of the following warehouses:

1974 - Warehouse No. 10	10,000 m^2
1975 - Airport warehouse	10,000 m^2
1976 - Warehouse in the "Zona Negra" and/or in the present area of the Free Zone	10,000 m^2
	30,000 m^2

An estimated construction cost of 1,000 pesos per m^2 has been applied.

For 1974 and 1975 sub-item (c) of the same item, "Industrial buildings", refers to the construction, now in progress, of the Industrial Centre. During the following years, the programme looks to the construction of industrial buildings within the area of the "Zona Negra", totalling 110,000 m^2.

Table 23

Industrial and Commercial Free Zone of Barranquilla
Construction programme for 1974-1982

(in thousands of pesos)

Project	Studies	Purchase of land	Infra-structure costs	Construc-tion costs	Equip-ment costs	Financ-ing costs	Total
Airport warehouse		2,000		10,000			10,200
Zona Negra - 1st phase	1,000	15,000	15,000	60,000			91,000
Zona Negra - 2nd phase		15,000	15,000	60,000			90,000
Container dock	2,000		4,000	38,000			44,000
Container yard			7,000				7,000
Container equipment					34,000		34,000
Sewerage	300		7,000				7,300
Conditioning of land			7,500				7,500
Power			615				615
Office furnishings					1,000		1,000
Paving			4,670				4,670
Industrial Centre				28,611			28,611
Water system			1,045				1,045
Administration Building				1,000			1,000
Warehouse No. 10				10,000			10,000
Financing costs						2,250	2,250
TOTAL	3,300	30,200	61,830	207,611	35,000	2,250	340,191

Table 24

Industrial and Commercial Free Zone of Barranquilla
Investment programme for 1974-1982

(in thousands of pesos)

Item	Total cost	1974	1975	1976	1977	1978	1979	1980	1981	1982
1. **Pre-investment studies**	3,300	3,300								
2. **Land**	30,200	200	15,000				15,000			
3. **Infrastructural works**										
(a) Sewerage	11,000		4,500	4,500			1,000	1,000		
(b) Water system	5,045		2,045	1,000			1,000	1,000		
(c) Sidewalks and curbs	1,000			500				500		
(d) Paving	27,670	1,500	3,170	7,500	7,500			1,000	4,000	
(e) Power and lighting	4,615	524	91	1,000	1,000			1,000	1,000	
(f) Telephones	1,000			250	250			250	250	
(g) Miscellaneous: conditioning of land	7,500	1,500	3,000	3,000						
Sub-total	57,830	3,524	12,750	17,750	8,750		2,000	7,750	5,250	
4. **Building construction**										
(a) Administration	1,000	1,000								
(b) Commercial warehouses	30,000	10,000	10,000	10,000						
(c) Industrial buildings	138,611	17,361	11,250	10,000	20,000	20,000		20,000	20,000	20,000
Sub-total	169,611	28,361	21,250	20,000	20,000	20,000		20,000	20,000	20,000

Table 24 (continued)

Item	Total cost	1974	1975	1976	1977	1978	1979	1980	1981	1982
5. **Equipment**										
(a) Office furnishings	1,000	500	500							
(b) Miscellaneous: cranes, elevators, etc.	34,000			10,500	18,500	5,000				
Sub-total	35,000	500	500	10,500	18,500	5,000				
6. **Port facilities**										
(a) Container dock	38,000		20,000	18,000						
(b) Channel dredging	4,000	1,000		1,000		1,000		1,000		
Sub-total	42,000	1,000	20,000	19,000		1,000		[illegible]		
7. **Other financing costs**	2,250	2,250								
Sub-totals	340,191	39,135	69,556	67,250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Servicing of debt	143,968		11,326	13,212	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTALS	484,159	39,135	80,882	85,462	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Management, Barranquilla Free Zone

6.1.1 Financing of projects

The building programme is to be financed from the following sources:

			Amount in pesos
1.	National budget		42,000,000
2.	Credits		
	(a) Internal	29,661,000	
	(b) External	134,000,000	163,661,000
3.	Zone's own resources		134,530,000
	Total, equal to building programme:		340,191,000 pesos

From table 25, "Projected Flow of Funds", it can be seen that contributions in the form of annual allocations from the national budget will be made available only until 1978. From that year onward, the Zone will have sufficient resources to cover investment costs, the servicing of the debt and its operating expenses, while still enjoying a sizable surplus.

6.2 Projected flow of funds

A. Sources

A 1. The Zone's own resources

Among the sources envisaged for the financing of the investment programme for the period 1974-1982 (see table 25) are the Zone's own resources of 424,503,000 pesos, consisting of: industrial rentals, including covered space for industrial installations; commercial rentals, including the leasing of covered space to enterprises which maintain stocks of raw materials and/or goods in order to supply their respective customers at a given moment, following the completion of customs requirements; storage, including the temporary storage of goods in general, in buildings and yards, charged at the *ad valorem* rate, by the month or fraction thereof, of 0.40 pesos for every 100 pesos of the CIF value of the goods (historically, the average monthly earnings per m^2 have been 40 pesos); the container yard, which includes the storing of containers, in an area of land which has been rendered suitable for that purpose, at an *ad valorem* charge; and finally the docking and unloading service charges collected from ocean-going vessels which use the container dock and the dock for bulk liquid cargoes.

A 2. National Budget

The second phase of the financing consists of the contributions from the national budget, which amount to [illegible] pesos. It will be noted that these contributions will be forthcoming until the year 19[illegible], after which the Zone is to be self-financing - that is, it is to be able to cover projected investment costs, operating expenses and the servicing of the debt.

A 3. Loans

The loans are of two kinds - internal and external. The former include the financing of pre-investment studies by the National Development Fund (FONADE) and the construction of the Industrial Centre with a [illegible]0-million-peso credit from the Banco Popular, approved by the Ministry of the Treasury and Public Credit in Resolution No. 10[illegible] of 5 May 19[illegible] and negotiated with the Banco Popular on 1[illegible] September 197[illegible]. External loans are those obtained from international financing institutions.

B. Uses

B 1. Investment programme

The investment programme for the period 1974-1982 amounts to 340,191,000 pesos, or 55 per cent of the expenditure, which totals 619,115,000 pesos. The projects are itemized in tables 23 and 24.

B 2. Operating costs

The operating costs include those expenses which are necessary to ensure the proper administration of the Zone, and for the period 1974-1982 amount to 134,956,000 pesos, or 21.8 per cent of total expenditure.

B 3. Servicing of the debt

The debt service for this period amounts to 143,968,000 pesos and includes both the amortization charges and the interest on the internal and external loans; it is equivalent to 23.2 per cent of the total expenditure.

Table 25

Industrial and Commercial Free Zone of Barranquilla
Projected flow of funds

(in thousands of pesos)

Sources	1974	1975	1976	1977	1978	1979	1980	1981	1982
A. Industrial rentals									
Buildings	(1) 4,719	(2) 9,645	(3) 11,325	(4) 14,685	(5) 18,045	(6) 19,725	(7) 21,405	(8) 24,765	(9) 28,125
Grounds	(10) 395	395	395	395	395	395	395	395	395
B. Commercial rentals									
Buildings	(11) 144	144	144	144	144	144	144	144	144
Grounds	(12) 1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270
C. Storage									
Buildings	(13) 8,747	(14) 11,147	(15) 13,547	(16) 13,547	(17) 13,547	13,547	13,547	13,547	13,547
Yards	(18) 6,000	(19) 6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
D. Container yard			(20) 1,625	4,875	6,500	6,500	6,500	6,500	6,500
E. Docking and unloading service	(21) 420	420	420	(22) 6,240	6,240	6,240	9,360	9,360	9,360
TOTAL FOR ZONE'S OWN RESOURCES	21,695	29,021	34,726	47,156	52,141	53,821	58,621	61,981	65,341
F. National budget	6,000	15,000	9,000	6,000	6,000				
G. Internal loan									
1. FONADE studies	3,300								
2. Banco Popular	15,111	11,250							
H. External loan		40,000	56,000	38,000					
TOTAL SOURCES	46,106	95,271	99,726	91,156	58,141	53,821	58,621	61,981	65,341

Table 25 (continued)

Uses	1974	1975	1976	1977	1978	1979	1980	1981	1982
A. Investment costs	39,135	69,556	67,250	47,250	26,000	17,000	28,750	25,250	20,000
B. Operating expenses	(23)12,728	12,800	13,440	14,112	14,818	15,559	16,336	[illegible]	18,010
C. Debt service		11,326	18,212	20,672	20,672	15,686	19,900	19,200	18,300
TOTAL USES	51,863	93,682	98,902	82,034	61,490	48,245	64,986	[illegible]	56,310
SUMMARY									
TOTAL SOURCES	46,106	95,271	99,726	91,156	58,141	53,821	58,621	61,981	[illegible]
TOTAL USES	51,863	93,682	98,902	82,034	61,490	48,245	64,986	[illegible]	56,310
Surplus or deficit	(5,757)	1,589	824	9,122	(3,349)	5,576	(6,365)	[illegible]	[illegible]
Previous balance		(5,757)	(4,168)	(3,344)	5,778	2,429	8,005	1,640	[illegible]
FINAL BALANCE	(5,757)	(4,168)	(3,344)	5,778	2,429	8,005	1,640	[illegible]	11,040

Source: Management, Barranquilla Free Zone

N[illegible]tes t[illegible] the [illegible]able of Sources and [illegible]ses

	Pesos
[illegible] - ([illegible]) [illegible] m^2	[illegible]
[illegible] m^2 at [illegible].00 pesos/m^2/month in [illegible] months	[illegible]
[illegible] m^2, warehouse No. [illegible] at [illegible].00 pesos/m^2/month in [illegible] months	[illegible]
10,7[illegible] m^2, Blocks A and B of the Industrial Centre at 14.00 pesos/m^2/month in [illegible] months	[illegible]
[illegible] - (2) 88,[illegible] m^2	[illegible],645
54,180 m^2 at [illegible].00 pesos/m^2/month in 12 months	[illegible],[illegible]01
10,[illegible] m^2 at 14.00 pesos/m^2/month in 12 months	1,[illegible]
23,4[illegible] m^2, Blocks C, D and E of the Industrial Centre at 14.00 pesos/m^2/month in 12 months	[illegible],[illegible]38
1976 - (3) 108,368 m^2 which yield as follows:	11,[illegible]25
(a) 88,368 for 12 months	9,645
34,188 at 168 pesos/m^2 (14.00 pesos/m^2/month)	5,744
54,180 at 72 pesos/m^2 (6.00 pesos/m^2/month)	3,901
(b) 20,000 m^2, Phase One of the "Zona Negra" Project at 168 pesos/m^2 for 6 months (14.00 pesos/m^2/month)	1,680
	14,685
1977 - (4) 128,368 m^2	13,005
(a) 108,368 m^2 in 12 months	
54,180 m^2 at 72 pesos/m^2	3,901
54,188 m^2 at 168 pesos/m^2	9,104
(b) 20,000 m^2, Phase One of the "Zona Negra" Project at 168 pesos/m^2 in 6 months	1,680
1978 - (5) 148,368 m^2	18,045
(a) 128,368 in 12 months	16,365
54,180 m^2 at 72 pesos/m^2	3,901
74,188 m^2 at 168 pesos/m^2	12,464
(b) 20,000 m^2, Phase One of the "Zona Negra" Project at 84 pesos/m^2 in 6 months	1,680

Notes to the [illegible]

	[illegible]
[illegible] - ([illegible]) [illegible] m^2 in [illegible] months	[illegible]
[illegible]4,180 m^2 at [illegible]	[illegible]
[illegible]4,1[illegible] m^2 at [illegible] pesos/m^2 in [illegible]	[illegible]
[illegible]980 - ([illegible]) Development Phase Two of the "Zona Negra" [illegible]	
168,368 m^2	[illegible]
(a) 148,[illegible] m^2 in [illegible] months	[illegible]
(b) 20,000 m^2, Phase Two of the "Zona Negra" [illegible] at [illegible]4 pesos/m^2 in [illegible] months	[illegible]
1981 - (8) 188,[illegible] m^2	4,[illegible]
(a) 1[illegible]8,[illegible] m^2 at [illegible] pesos/m^2	[illegible]
54,180 m^2 at [illegible] pesos/m^2	[illegible]
114,188 m^2 at 168 pesos/m^2	[illegible]
(b) 20,000 m^2, Phase Two of the "Zona Negra" Project at [illegible]4 pesos/m^2 in 6 months	1,[illegible]
1982 - (9) 208,368 m^2	28,12[illegible]
(a) 188,368 m^2	26,44[illegible]
54,180 m^2 at 72 pesos/m^2 (6.00 pesos/m^2/month)	[illegible],[illegible]01
134,188 m^2 at 168 pesos/m^2 (14.00 pesos/m^2/month)	22,[illegible]44
(b) 20,000 m^2, Phase Two of the "Zona Negra" Project at 84 pesos/m^2 in 6 months	1,680
1974 - (10) 50,597 m^2 at 0.65 pesos/m^2/month	[illegible]95
1974 - (11) 2,000 m^2 at 6.00 pesos/m^2/month	144
1974 - (12) 162,853 m^2 at 0.65 pesos/m^2/month	1,270
1974 - (13) 18,222 m^2 at 40.00 pesos/m^2/month in a year	8,747
1975 - (14) 28,222 m^2	11,147
18,222 m^2 at 40 pesos/m^2 in 12 months	8,747
10,000 m^2, construction of airport warehouse at 40 pesos/m^2/month in 6 months	2,400
1976 - (15) 28,222 m^2 at 40 pesos/m^2/month in 12 months	13,547
1977 - (16) 28,222 m^2	13,547
1978 - (17) 28,222 m^2 at 40 pesos/m^2/month in 12 months	13,547
1974 - (18) 45,600 m^2 at 130 pesos/m^2/year	6,000
1975 - (19) 45,000 m^2 at 130 pesos/m^2/year	6,000

Notes to the Table of Sources and Uses (Continued)

		Pesos
1976 - (20)	In 1976, a total of 25,000 m^2 will be in operation at 130 pesos/m^2/year in 6 months	1,625
(b)	In 1977, a total of 25,000 m^2 will be in operation for a year, and 25,000 m^2 for 6 months	
(c)	In 1978, a total of 50,000 m^2 will be in operation for a year	

1974 - (21) The revenue for docking and unloading services covers only the traffic carrying bulk liquid cargoes

1977 - (22) It is assumed that enterprises using containers represent 20 per cent of the Free Zone's freight traffic (200,000 tonnes). To this were applied Colombian port rates as follows:

Port duties	US$6.00 per tonne
Loading and unloading charges	12.00 pesos per tonne
Total	156 pesos per tonne

For 1980 onward, a 50-per-cent higher figure was assumed for freight traffic, charged at the same rates

1974 - (23) Progressively increased by 5 per cent

CHAPTER [illegible]

[illegible]. Additional incentives

[illegible].1 Income tax and other incentives

The country's free zones enjoy the tariff incentives granted under Law [illegible] of [illegible], which provide for complete freedom to bring in machinery, goods and raw materials without any duty or tax.

A number of free zones abroad, such as those in [illegible], Taiwan, Korea, Hong Kong and Singapore, apply a special system which grants an exemption from income tax to the industries operating within their limits.

By including an incentive of this kind in the legislation governing Colombia's free zones, their attractiveness to both domestic and foreign investors would be greatly enhanced. The idea would be to grant the exemption during the first years of a plant's operation, when because it is just starting up profits are normally relatively low; once this initial period has elapsed and the plant, now firmly established, is operating at full capacity and, consequently, at a high rate of profitability, it would then be in a position to make tax payments.

The revenue that would in this way accrue to the Government is additional revenue, which, on the assumption that industry will be originally attracted to the Zone largely because of these early incentives, can be viewed as the result of an initial investment by the Government by granting these exemptions.

On the basis of these considerations, it is recommended that a 100-per-cent income tax exemption should be granted during a plant's first three years of operation in the Free Zone, thereafter to be reduced to 50 per cent in the fourth year, to 25 per cent in the fifth year, and to be eliminated altogether from the sixth year onward.

The reason for the gradual reduction of this exemption is simply to avoid the possibly unsettling effect that its abrupt elimination from one year to the next might have in certain industries.

The granting of this exemption would place the country's free zones in an excellent competitive position vis-à-vis other free zones abroad and, as indicated by the analysis above, it would achieve this effect at minimal cost to the Treasury.

Annex 1

THE FREE AND HANSEATIC CITY OF HAMBURG

Agency for Economic and Commercial Affairs

Construction Department
for River and Harbour
Installations

[illegible] 11, [illegible]strasse 1-[illegible]

First Director in Charge
of Construction
Dr. Laucht

17 December [illegible]

Subject: Future development of the Free Zone.
Visit to me by Mr. Julio Gerlein,
Zone Manager, on 18 October 1973,
and his letter of 19 October 1973

Dear Sirs,

I should like, first of all, to again express my gratitude for the visit paid to me on 18 October by your Manager, Mr. Julio Gerlein, and for the opportunity this afforded me to learn of the development of the Free Zone. The significant progress which the Zone has achieved in recent times is for me personally a source of happiness and satisfaction. During our talks, Mr. Gerlein gave me a detailed account of what has been accomplished to date and what still remains to be done.

I completely agree with the manner in which the Zone has developed until now, and I believe that the policy followed is correct and in harmony with its purposes.

Regarding the future and the various problems which it may hold in store, I have taken the liberty of setting forth the following observations, which are based on a close study of conditions as reflected in the present planning and of the documentation that was available to me.

Board of Directors
Industrial and Commercial Free Zone
Barranquilla
Apartado aéreo 2088
Colombia

1. <u>Expansion of the Industrial Zone</u>

In view of the growing demand for lots for use by industrial establishments, it is desirable that the question of a possible [illegible] extension of the Zone should be considered well in advance, lest it [illegible] later become necessary to turn to land within the already existing Zone, which in the near future will be needed for the movement and storage of general freight, whether in transit or destined for Colombia, or for processing in the Zone. Any such extension should be linked as closely as possible to the already existing area in order to ensure a common customs service, reliable communications with the installations already in operation and the possibility of transshipping overseas cargo. These conditions are amply present in the region to the west of the Free Zone (Zona Negra), and no other or better alternative can be found. While it is true that the Auyama Channel will cut the area in two, both sections can be linked by means of a bridge or two. Every effort will have to be made to see to it that these bridges and both parts of this future Free Zone lie outside the customs jurisdiction and that the movement of persons and goods take place only through the entrance and exit which already exist on Avenida Hamburgo. The inconvenience that this will cause in the new section of the Zone will be acceptable if it is to be mainly an industrial site, as planned. In Hamburg, also, two free-port sections have developed, for historical reasons, and they coexist very well.

2. <u>Port areas for the handling of containers</u>

Given that container traffic is steadily on the rise, <u>it would be irresponsible</u> to fail to take it into consideration for the future. Although such freight may not now be of great importance at Barranquilla, there is no doubt but that it will increase. Furthermore, if the Free Zone intends to develop, it cannot ignore the possibility of container service within its established customs limits. Plans must be made for an area of the required size, although, on the other hand, consideration must also be given to the limited depth of the Bocas de Ceniza and the low demand for transit through the Zone. I completely agree with the idea of <u>reserving</u> lots 11 and 13 in the southern section of the Zone, along the Magdalena River.

Presumably, it might suffice to set aside or equip lots [illegible] and [illegible] since they provide sufficient waterfront for the future construction, when that should become necessary, of a dock for two container vessels and their feeder ships of a size small enough to allow them to pass through the Bocas de Ceniza. The depth of the site as well, which following the construction of the dock would measure [illegible] metres as far back as Street [illegible], would be just right. The location would be very good in view of the short distances to all parts of the Free Zone. With an eye to future container-ship traffic, and on the assumption that it will not be possible to deepen the Bocas de Ceniza much more, the following type of container vessel may be envisaged: length, [illegible] m; beam, [illegible] to [illegible] m; draught, [illegible] to [illegible] m; displacement, 10,000 to [illegible] dwt; capacity, [illegible] to [illegible] 20-foot containers.

[illegible]. I was particularly interested to learn of the arrangements for a practical course in Barranquilla dealing with industrial free zones and for a meeting in Hamburg on this same subject. I certainly hope these arrangements will be entirely successful and would be pleased if you would let me know if there is anything I can do here in Hamburg to assist in them.

4. Regarding your very kind invitation to visit Barranquilla, permit me to again express my sincere gratitude, as I have already done to Mr. Gerlein. I should, of course, be very happy to see at first hand the progress that has been achieved in the Free Zone, but I am afraid that it will not be possible for me to undertake such a trip during 1974. The fact is that, in addition to my professional responsibilities and my position at the university, I am also faced with the very time-consuming task of having to prepare an extensive amount of material on the subject of ports for an international congress on ports to be held in April at Antwerp. I shall also be representing two German associations at the International Conference on Coastal Engineering which is to meet in Copenhagen in June. All this in addition to still other conferences and, to complete the picture, a change in my functions which will take place during the second half of next year. I am sure that you will understand why it is impossible for me, under these circumstances, to make the trip to Barranquilla.

I trust that this letter will have been of some use to you. Permit me to express my best wishes for a prosperous and happy new year to you personally, to the Free Zone, to your city and to your country.

Yours truly,

(Signed) Z.A. Laucht

76. 06. 30