

Summary

The paper reviews the major determinants of demand and supply of pasture seeds in the Latin American tropics. Demand is low in most extensive ranching systems, where only very limited areas of pastures are sown. This can change if new cultivars of higher productivity are introduced or if predominant cultivars are seriously attacked by pests or diseases.

Demand for pasture seed is a derived demand, dependent on the demand for beef and milk. The cyclical pattern of the former creates a cyclical demand for pasture establishment inputs, particularly seed. In addition it must be kept in mind that most tropical forages are perennial, thus further limiting demand in comparison to annual crops. In the establishment of low-input, improved pastures the cost of seeds has a high incidence in total cost leading to a more price-elastic demand for pasture seed than for cash crop seeds. In addition to the domestic market of seed for perennial pasture establishment, the use of tropical legumes as a green manure or cover crop under perennial tree crops, and seed production for export are sometimes attractive, independent markets.

Supply of pasture seed tends to come from small to medium-sized operations. Production of pasture seed is frequently a sideline enterprise of ranching activities. Seed processing is frequently done in plants used for the handling of other seeds such as cereals, to make more efficient use of the processing plant investment. The paper discusses many of these issues in the specific case of seed production of *Stylosanthes capitata* in the Eastern Plains of Colombia. It is concluded that seed production of tropical forage species is an activity of high returns to entrepreneurs who master the production techniques and have the resources to face the risks involved.