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Report Highlights:

In marketing year (MY) 2023/24, Colombia's corn and rice production are forecast to marginally increase driven by higher domestic prices and expected normalized weather conditions. However, high production costs continue to be a challenge for Colombian producers. Colombia's economy is projected to grow at a slower pace in 2023 and 2024, restricting a more substantial growth in demand for grains. Although the United States continues to be the main sourcing option for Colombian importers of corn and rice given trade preferences under the U.S.-Colombia Trade Promotion Agreement and geographical advantages, increasing regional competition, especially from Brazilian corn, is likely to restrict major growth to U.S. exports. In MY 2023/24, wheat imports are forecast to slightly increase to respond to higher consumption.

Commodities:
Corn

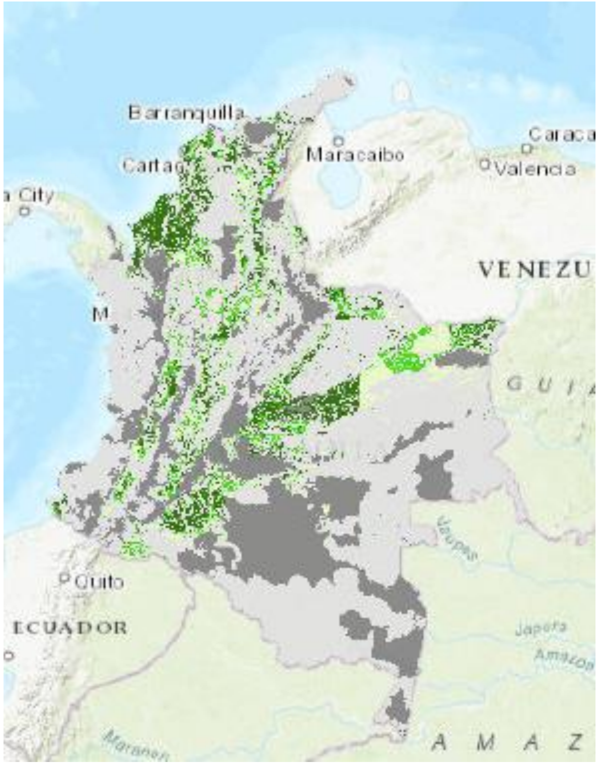
Production
In MY 2023/24, Colombian corn production is forecast to increase 6.7 percent to 1.6 million metric tons (MT), with an estimated harvested area of 390,000 hectares (ha). If domestic corn prices maintain high levels and improved weather conditions materialize, corn producers are likely to increase area planted and productivity. According to the Colombian Institute of Meteorology (IDEAM), rainfall is resuming its historical average and normalized weather conditions are expected to remain until June 2023.

In MY 2022/23, the estimate for Colombian corn production remains unchanged from USDA's official figure at 1.5 million MT. While the expected fertilizer shortage did not materialize, production costs increased as a result of higher input prices, including fertilizers. However, high local corn prices, that depend on the imported corn price and exchange rate, helped to maintain corn production. Excessive rains and cloudiness have continued in some corn producing regions, negatively affecting corn yields and creating favorable conditions for the spread of some corn diseases.

Colombia produces yellow and white corn, and crops are divided into modern production, which includes medium and large industrial farms, and traditional production, which is comprised of small landholdings. Steady corn production in recent years is the result of improving yields due to advances in technology and the replacement of traditional seeds with modern seeds. In calendar year (CY) 2021, the latest data available, Colombia planted a record level of 142,974 ha of genetically engineered (GE) corn, 31 percent more than the previous year. According to the Colombian Association of Cereal and Legume Producers (Fenalce), approximately 80 percent of Colombia's total corn production is from modern, hybrid seeds with an average yield of 5.7 MT/ha planted in 55 percent of the total corn area, while traditional corn crops are primarily for household-consumption with an average yield of 1.8 MT/ha. There are 17 producing regions in Colombia, but 70 percent of total production is concentrated in just seven regions in the north coast, central region and eastern plains.

In late 2022, the Agricultural Rural Planning Unit (UPRA), a technical agency attached to the Ministry of Agriculture (MINAG), published the Corn Planting Plan that provides an analysis of the corn chain and defines a 20-year vision. According to UPRA, Colombia has 16 million ha of land suitable for corn production. However, systemic challenges, including a lack of infrastructure, technology, and investment, are preventing Colombia from producing corn at a large scale. The map below illustrates in green the areas identified by UPRA that are optimal for corn production. The dark green illustrates the highly suitable land for corn production (8.2 million ha), medium green indicates moderately suitable (4.9 million ha), and light green corresponds to marginally suitable land (2.9 million ha). Light and dark grey areas are not suitable and are protected areas, respectively. Most of the current corn production is in the highly suitable regions.

Figure 1: **Land in Colombia Suitable for Corn Production**



Source: [SIPRA](), Agricultural Rural Planning Unit (UPRA), 2022

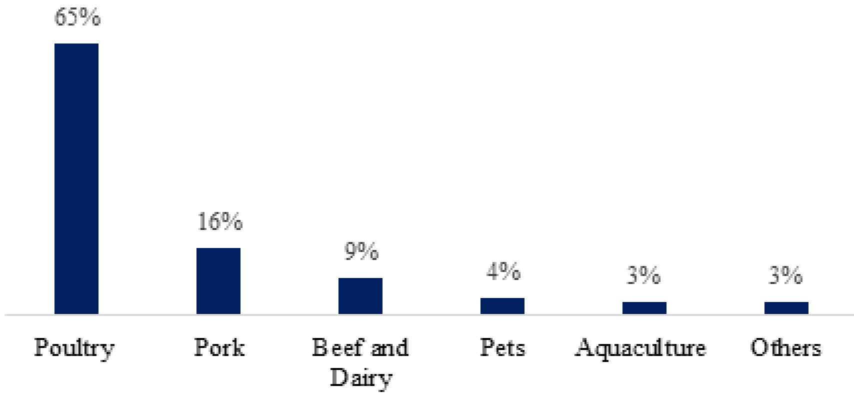
Consumption

In MY 2023/24, corn consumption is forecast to marginally increase to 8.1 million MT due to a projected modest economic growth estimate in 2023 and 2024. According to the Organization for Economic Cooperation and Development (OECD), Colombia's economy is projected to grow 1.2 percent in 2023 and 1.7 percent in 2024. This, combined with Colombia's high inflation rates and the Colombian peso devaluation, is likely to slow down corn consumption growth, which is projected to increase below 2.0 percent year-over-year.

In MY 2022/23, corn consumption is estimated up 8.4 percent from USDA's official forecast to 8.0 million MT. In CY 2022, high inflation rates put pressure on consumers to shift to cheaper animal proteins like pork and chicken meat over beef. The rising demand supported increases in pork and poultry production, including eggs, which grew year-over-year by 2.9 and 7.2 percent, respectively. Colombian consumers prefer chicken meat over other animal proteins, representing nearly 60 percent of the animal protein market in 2022. Despite price increase across all animal proteins, pork and chicken continue to be cheaper than beef.

Trends in feed demand determine grain feed imports to Colombia. The largest consumer in the animal feed industry is the poultry sector, accounting for 65 percent of total feed imports in CY 2022. Livestock and swine sectors consumed 25 percent, and the remaining 10 percent was destined to aquaculture and household pets. Ninety-five percent of corn imports are destined for animal feed, with the remaining 5 percent for human consumption, while local production is primarily for the food processing sector.

Figure 2: Market Share of Animal Feed Consumption by Private Sector in Colombia, 2022



Source: Animal Feed Chamber of ANDI, 2022

Consumption of corn for food and industrial use (FSI) gradually increases each year. In MY 2023/24, FSI corn consumption is forecast to grow 1.3 percent following Colombia's economic growth. The typical "arepa," made with precooked cornmeal, is the cheapest carbohydrate on the market which is consumed by 70 percent of the lower- and middle-class population. High Venezuelan migration to Colombia has stimulated the consumption of pre-cooked corn flour as it is estimated that the per capita consumption of a Colombian is 3 kg while a Venezuelan consumes 27 kg per year. According to government official data, since 2015 and through December 2022, 2.5 million Venezuelans have migrated to Colombia.

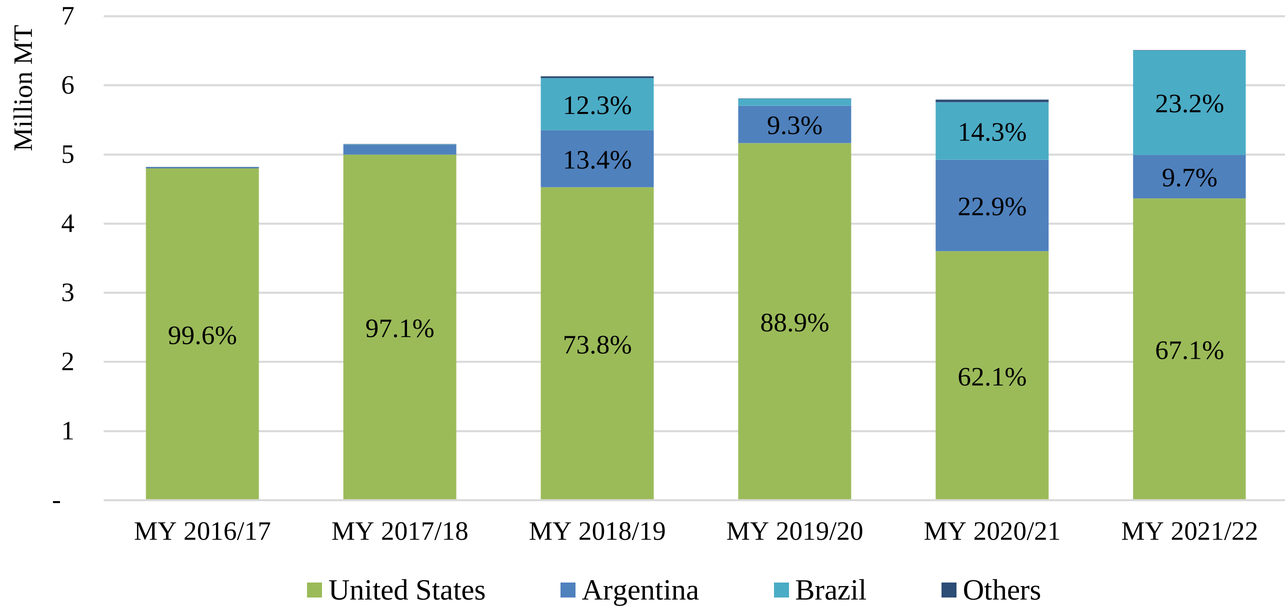
Trade

In MY 2023/24, total corn imports are forecast to increase to 6.6 million MT to supply increasing demand from the animal feed sector, with U.S. corn accounting for 73 percent of imports (4.8 million MT). In CY 2023, the out-of-quota duties for yellow and white corn ended, meaning that all corn imported from the United States will enter duty free from 2023 and beyond.

In MY 2022/23, corn imports to Colombia are revised up 12.1 percent from USDA´s official number to 6.5 million MT. This increase is driven by higher demand from the animal feed industry as the poultry and pork sectors grew higher than expected.

U.S. corn's market share is not expected to grow beyond 70 percent of total imports (4.5 million MT) in MY 2022/23. Grain importers are highly price conscious. Although the United States continues to be the main sourcing option for Colombian importers of corn due to trade preferences in the U.S.-Colombia Trade Promotion Agreement (CTPA) and strong trade relationships with importers, the United States continues to compete with South American imports due to competitive prices and preferential treatment granted to Mercosur countries, especially Argentina and Brazil, under the Andean Price Band System (APBS). With high global commodity prices, the APBS mechanism has established zero duties for imports from trading partners where the price band mechanism applies, such as Mercosur countries. Colombian importers are expected to buy corn from Brazil given its projected record harvest in 2023.

Figure 3: Corn Imports by Country of Origin by Marketing Year, October to September (million MT)



Source: Trade Data Monitor

Stocks

In MY 2023/24, ending stocks are forecast to increase 15.6 percent to 436,000 MT. As a result of the 2021 national protests that blockaded roads and access to main ports, Colombian grain importers decided to maintain higher inventories to continue operations in case of potential input flow disruptions. The Colombian government does not have a policy for holding grain inventories.

Policy

The new Petro administration that took office on August 7, 2022 has publicly promoted Colombia becoming more self-sufficient in agricultural production, particularly corn, in order to reduce dependence on imports and strengthen the Colombian economy. The new Minister of Agriculture has stated publicly that Colombia needs to increase corn area planted to nearly 1 million hectares to substitute corn imports. However, many challenges related to land reform, infrastructure, and technology must be overcome to increase Colombia's corn production in a competitive manner. In late October 2022, Minister of Agriculture Cecilia Lopez urged public and private stakeholders involved in the initiative "Soya Maíz: Proyecto País," which was part of the national strategy from former President Duque to increase Colombian corn and soybean productivity, to redesign the plan to focus mainly on small farmers. According to Minister Lopez, at least 100,000 ha of corn must be cultivated by small farmers.

In late 2022, MINAG launched an incentives program called Fund for Access to Agricultural Inputs to address high food inflation rates. The idea is to increase agricultural production from small farmers to maintain a good supply in the market and control food prices. This measure is expected to benefit more than 120,000 small producers from 24 agricultural and livestock sectors, including corn. The program reimburses eligible farmers up to 20 percent of their purchase of inputs such as fertilizers and animal feed. The Colombian government has invested $80,000 million Colombian pesos (approximately $16 million U.S. dollars) in the program, which will run from November 17, 2022 to March 31, 2023.

As a member of the Andean Community of Nations (CAN), Colombia applies the Andean Price Band System (APBS) that serves as a price stabilization tool for a special group of agricultural products considered sensitive in the CAN economies, including corn. The CTPA excludes the application of the APBS mechanism to U.S. imports and instead applies a TRQ mechanism with out-of-quota duties.

The APBS price stabilization takes place when the international reference price falls below a set floor, and a tariff is increased. The base tariff is reduced when the reference price exceeds the set ceiling. The value in which the tariff is increased or reduced is called a "variable levy." Floor and ceiling prices are adjusted annually, according to a mathematical calculation, and in accordance with information sources and reference markets established in CAN Decision 371. Table 1 illustrates the annual floor and ceiling prices for corn, effective from April 2023 to March 2024.

Table 1: CAN Floor and Ceiling Prices for Corn, April 2023 to March 2024 (USD per ton)

	Floor Price CIF	Ceiling Price CIF
Yellow corn	$260	$320
White corn	$287	$345

Source: Resolution 2307/2022, CAN

The reference price is the bi-weekly average of daily, weekly, or monthly quotations observed in the referential markets (FOB Gulf based on the Chicago Board of Trade first position for corn). The reference price must be expressed in terms of CIF. Depending on how bi-weekly CIF reference prices of corn behave, the effective duties under the APBS for each period will be established. Current Mercosur duties are 0 percent for yellow corn and white corn, since reference prices for the second half of March 2023 are $316 and $387, respectively, which are higher from the ceiling reference prices applicable for March 2023 ($258 for yellow corn and $289 for white corn).

Table 2: Production, Supply, and Distribution Estimates: Corn

Corn	2021/2022		2022/2023		2023/2024	
Market Year Begins	Oct 2021		Oct 2022		Oct 2023	
Colombia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	390	390	380	380	0	390
Beginning Stocks (1000 MT)	307	307	398	398	0	377
Production (1000 MT)	1580	1580	1500	1500	0	1600
MY Imports (1000 MT)	6512	6512	5800	6500	0	6580
TY Imports (1000 MT)	6512	6512	5800	6500	0	6580
TY Imp. from U.S. (1000 MT)	4274	4367	0	4500	0	4800
Total Supply (1000 MT)	8399	8399	7698	8398	0	8557
MY Exports (1000 MT)	1	1	1	1	0	1
TY Exports (1000 MT)	1	1	1	1	0	1
Feed and Residual (1000 MT)	6500	6500	5900	6500	0	6580
FSI Consumption (1000 MT)	1500	1500	1500	1520	0	1540
Total Consumption (1000 MT)	8000	8000	7400	8020	0	8120
Ending Stocks (1000 MT)	398	398	297	377	0	436
Total Distribution (1000 MT)	8399	8399	7698	8398	0	8557
Yield (MT/HA)	4.0	4.0	3.9	3.9	0	4.1
MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Corn begins in October for all countries. TY 2023/2024 = October 2023 - September 2024						

Note: 'New Post' data reflects FAS/Bogota's assessment

Commodities:
Rice

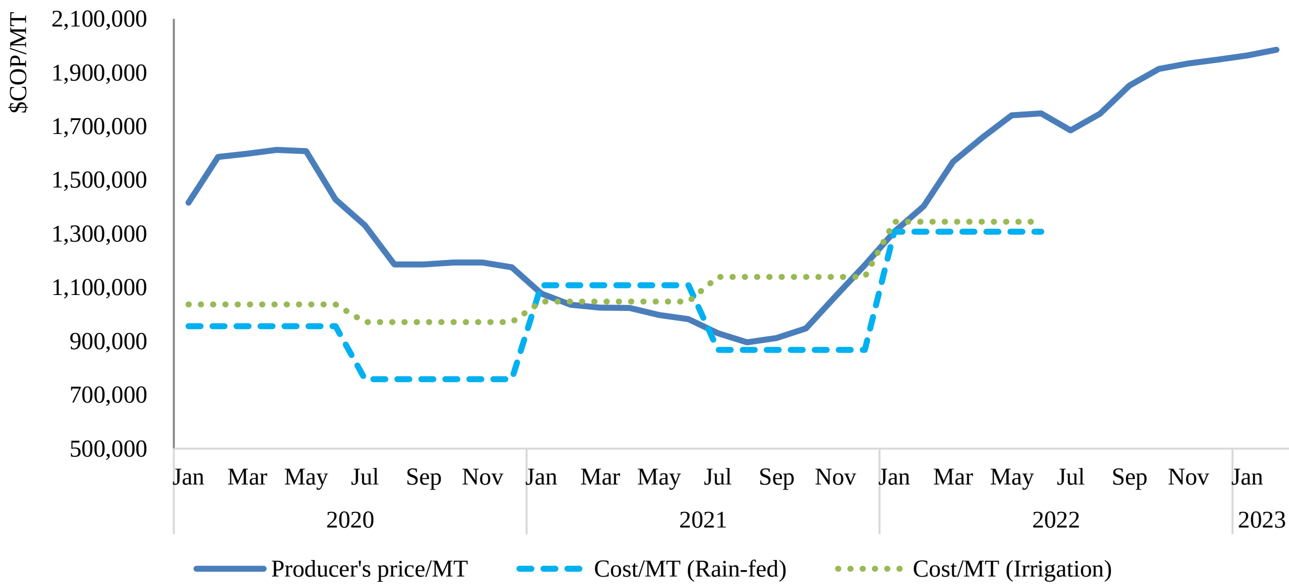
Production

In MY 2023/24, Colombian rice production is forecast to slightly increase to 2.0 million MT of milled rice equivalent (MRE), driven by increases in domestic prices that will encourage farmers to increase area planted despite rising production costs. According to the IDEAM, rainfall is resuming its historical average and normal weather conditions are expected until June 2023. Since 2012, Fedearroz, the National Federation of Colombian Rice Producers, has invested in a technology transfer program called AMTEC that through extension services and educational booklets passes on available crop management technologies to farmers to increase productivity and reduce production costs, with the least impact on the environment. According to Fedearroz, in 2020, approximately 60 percent of rice growers implemented AMTEC activities such as water and soil management, fertilizers effective use, and rice disease monitoring and management. According to Fedearroz, rice growers who implemented the strategy have increased green paddy productivity 10 percent to 7.1 MT/ha with irrigation systems, and 30 percent to 5.6 MT with rain-fed systems.

Domestic rice prices paid to producers are high due to lower supply from the previous marketing year and increasing production costs. The average monthly price of one metric ton of green paddy rice increased 50 percent from $1,306,661 Colombian pesos (COP), approximately $327 U.S. dollars, in January 2022 to $1,963,842 COP, approximately $418 U.S. dollars, in January 2023. Despite the upward trend in local prices, rice farmers are facing challenges due to higher input prices, increasing interest rates from the financial sector to reduce inflation, and adverse weather conditions in some producing regions.

Figure 4 below illustrates the average price paid to producers for a metric ton of green paddy rice versus the average cost of production per ton depending on the irrigation system. Since January 2022, there is a positive difference between average local price and production costs.

Figure 4: Domestic Rice Prices Paid to Producers vs. Production Costs per Irrigation System



Source: Colombian Rice Growers Federation (Fedearroz)

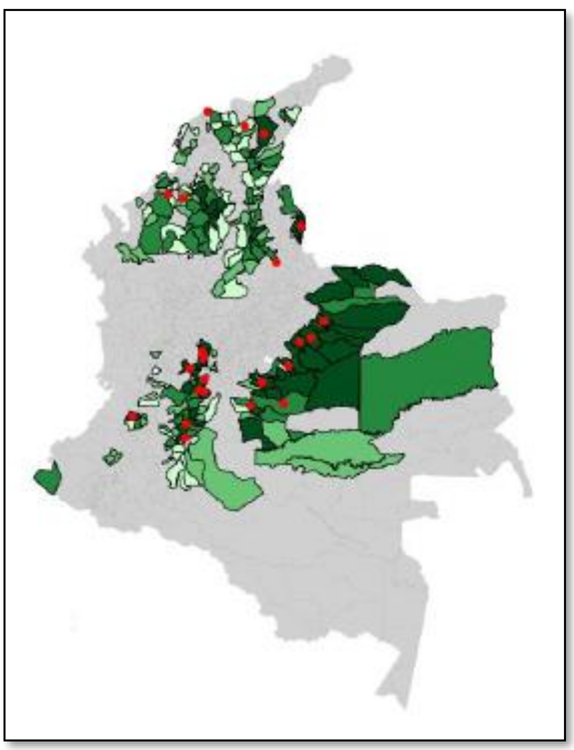
In MY 2022/23, FAS Bogota estimates Colombian rice production will remain unchanged from USDA's official estimate of 1.9 million MT as the surge in domestic rice prices motivated farmers to harvest given that better prices compensated the increase in production costs. Despite the La Niña weather phenomena causing flooding in the north coast producing regions, other producing regions benefited from higher water availability.

Colombia produces rice throughout the year with an estimated 35 percent of total production in the first half of the year and the remaining 65 percent in the second half. There are approximately 16,000 rice growers and five producing regions in Colombia with two of them, Llanos and Magdalena, producing about 70 percent of total production. About 40 percent of Colombian rice production is in the eastern plains, or Llanos, where the crop is rain-fed and has an average paddy rice yield of 4.0 MT/ha. The eastern plains region has flexibility to enlarge or reduce area planted. The second key region of rice production (about 30 percent of total production) is in the central, Magdalena River valley, where potential area is fully planted and irrigated. Paddy rice yield in this region averages 6.5 MT/ha. Colombia's average yield is estimated at 5.0 MT/ha on a paddy rice basis.

Colombian rice growers do not own drying and storage facilities to hold back rice in the hopes of higher prices after the peak harvest season. Growers must sell the green paddy rice to millers to be dried, stored, and milled. In order to offer an option to dry and store rice, Fedearroz built four milling facilities located in the main producing regions, primarily funded from the proceeds under the export trading company COL-RICE that administers the CTPA tariff rate quota (TRQ) auctions for U.S. rice. There are approximately 95 rice millers in Colombia with 121 mills, where two large companies dominate 45 percent of the market.

In Figure 5, rice producing region municipalities are shown in green while rice mills are shown in red. The darker green illustrates the regions with higher production. The presence of the milling plants is positively correlated with the geographical distribution of production, which indicates that millers actively work in producing regions in order to receive the green paddy rice in a timely manner.

Figure 5: Paddy Rice Production and Rice Mills Location in Colombia



Source: "La Competitividad de la Cadena del Arroz en Colombia", Induarroz – Fedesarrollo, January 2022

Consumption

In MY 2023/24, milled rice consumption is forecast to increase 1.0 percent to 2.0 million MT following Colombia's economic growth which is projected to slow down to 1.2 percent in 2023, according to the OECD.

Rice is one of the key staple foods in Colombia, with a high per capita consumption compared to neighboring countries. Average per capita consumption is estimated at 43 kg or 95 pounds. However, consumer behaviors differ between rural and urban areas, with per capita consumption at 49 kg (109 pounds) and 41 kg (91 pounds), respectively. According to a study from the Rice Millers Association (Induarroz), consumption statistics suggest that per capita rice consumption decreases as income increases, which explains why rural areas consume more rice.

Fedearroz has also implemented a seal on its packaging that identifies its milled rice as 100 percent Colombian origin (see Figure 6 below) as a strategy to increase the market competitiveness of its product. Rice is mainly sold in mom-and-pop stores (92 percent), supermarkets (4.3 percent), and wholesale and produce markets (3.3 percent). Some rice milling companies, particularly those with a commercial brand, distribute directly to the various points of sales. It is also common for these large companies to participate in public procurement processes.

Figure 6: 100% Colombian Origin Seal

Source: Fedearroz

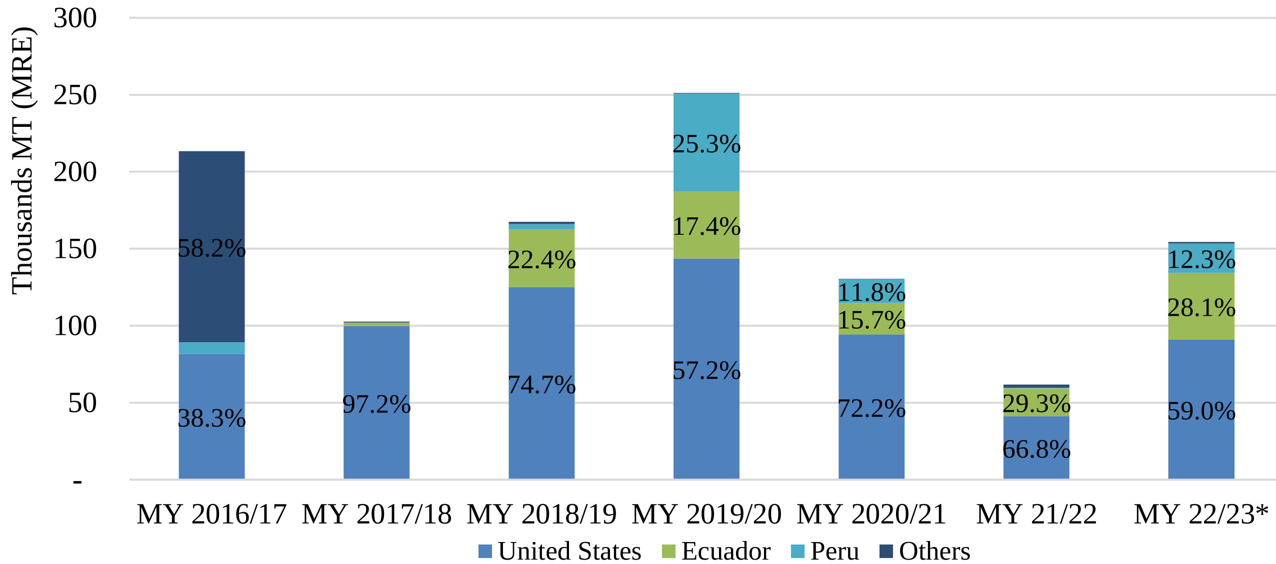
Trade

In MY 2023/24, Colombian rice imports are forecast to decrease to 170,000 MT due to increasing local production and slow consumption growth. In MY 2022/23, rice imports are unchanged at 180,000 MT from USDA's official estimate based on available trade data from April 2022 to January 2023.

The CTPA calendar year (CY) 2023 TRQ for U.S. rice is 128,205 MT. The out-of-quota duty is 43.10 percent. These duties will phase-out by 2023. The first Colombia Rice Export Quota (COL-RICE) TRQ auctions of 2023 under the CTPA was fully subscribed. Despite the devaluation of the Colombian peso, increasing local rice prices supported rice importers to participate in the COL-RICE TRQ auction to primarily supply Colombia's north coast. Rice production in this region continues to be affected by flooding due to excessive rains from La Niña weather phenomena. In addition, high local prices make it difficult to profitably send rice from the center of the country, where the main producing regions are located, to the coast.

The graph below shows Colombian rice imports and market share by country in the past several marketing years.

Figure 7. Rice Imports by Country of Origin by Marketing Year April to March (thousands MT of milled rice equivalent)



**MY 22/23 Includes trade data from April 2022 to January 2023*

Source: Trade Data Monitor

CAN members (Colombia, Ecuador, Peru, and Bolivia) are assessed a zero-tariff. Colombia will progressively implement the elimination of restrictions on imports of milled rice from Ecuador by 2027, as it already did from Peru in 2022. Rice imports outside of the CAN quotas are not allowed, and therefore there are no out-of-quota tariffs. Rice from these origins will only be allowed to enter Colombia from January 1 to June 30 and from November 15 to December 31 each calendar year. These import periods were established to protect Colombian producers during Colombia's harvest season, similar to what is established in the COL-RICE auctions schedule. The United States is projected to continue as the main rice supplier to Colombia. Ecuadorian and Peruvian rice are imported by land to supply primarily the southwest market of Colombia. However, the road from these origins is currently presenting security issues and blockades.

Colombia is not a major rice exporter as Colombian rice cannot compete on price with neighboring countries. However, there are milled rice trade flows into Venezuela via the common border, driven by the Venezuelan food shortage. In MY 2023/24, exports to Venezuela are forecast to remain unchanged at 65,000 MT, as Colombian production will be prioritized to supply the domestic demand. Since September 26, 2022, Colombia re-opened its border with Venezuela and reestablished diplomatic relations. However, significant increases in formal trade have not materialized due to the lack of border infrastructure and modern systems.

Stocks
In MY 2023/24, ending stocks are forecast up at 523,000 MT as local production is expected to increase. The Colombian government does not maintain a policy for holding grain stocks. However, primarily for rice, the Ministry of Agriculture and Rural Development offers financial storage incentives for producers and millers to hold inventories, on an ad hoc basis, in order to regulate market prices.

Policy
Small rice growers have also benefitted from the MINAG program called Fund for Access to Agricultural Inputs. This measure is expected to benefit more than 120,000 small producers from 24 agricultural and livestock sectors, including rice. The program reimburses eligible farmers up to 20 percent of their purchase of inputs such as fertilizers. The Colombian government has invested $80,000 million Colombian pesos (approximately $16 million U.S. dollars) in the program, which will run from November 17, 2022, to March 31, 2023.

Table 3: Production, Supply and Distribution Estimates: Rice

Rice, Milled	**2021/2022**		**2022/2023**		**2023/2024**	
Market Year Begins	**Apr 2021**		**Apr 2022**		**Apr 2023**	
Colombia	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	540	540	550	550	0	570
Beginning Stocks (1000 MT)	585	585	463	463	0	468
Milled Production (1000 MT)	1800	1800	1870	1870	0	1950
Rough Production (1000 MT)	2647	2647	2750	2750	0	2868
Milling Rate (.9999) (1000 MT)	6800	6800	6800	6800	0	6800
MY Imports (1000 MT)	63	63	180	180	0	170
TY Imports (1000 MT)	187	187	180	180	0	180
TY Imp. from U.S. (1000 MT)	123	123	0	130	0	135
Total Supply (1000 MT)	2448	2448	2513	2513	0	2588
MY Exports (1000 MT)	60	60	65	65	0	65
TY Exports (1000 MT)	60	60	65	65	0	65
Consumption and Residual (1000 MT)	1925	1925	1975	1980	0	2000
Ending Stocks (1000 MT)	463	463	473	468	0	523
Total Distribution (1000 MT)	2448	2448	2513	2513	0	2588
Yield (Rough) (MT/HA)	4.9	4.9	5.0	5.0	0	5.0
MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2023/2024 = January 2024 - December 2024						

Note: 'New Post' data reflects FAS/Bogota's assessment.

Commodities:
Wheat

Production

In MY 2023/24, wheat production is forecast to remain unchanged at 6,000 MT with an estimated harvested area of 2,500 ha. Colombia primarily produces soft wheat, grown in two high-altitude regions, Nariño and Boyaca, that have more favorable climatic conditions for wheat cultivation. Domestic wheat production is set and primarily destined for wet milling and preparation of traditional Colombian dishes.

Consumption

In MY 2023/24, wheat consumption is forecast to only slightly increase to 2.2 million MT of wheat grain equivalent (WGE) following Colombia's economic growth, which is projected to slow down to 1.2 percent in 2023 and to 1.7 percent in 2024.

In MY 2022/23, wheat consumption is estimated down 1.4 percent from USDA's official figure to 2.1 million MT WGE driven by lower consumption from the animal feed industry. Feed wheat consumption decreased 4.2 percent from USDA's official estimate as the price-sensitive animal feed industry preferred corn and soybean meal to supply their needs. Corn is the primary feed grain in Colombia.

Per capita wheat consumption is estimated at 65 pounds. There are 40 wheat milling facilities in the country that produce nearly 1.4 million MT of wheat flour. The bread industry consumes approximately 70 percent of wheat, followed by the pasta sector and the cookies and pastry industry. Wheat feed consumption usually represents less than 10 percent of total consumption as the animal feed industry only imports larger amounts of wheat when wheat prices are competitive enough for feed formulation.

Trade

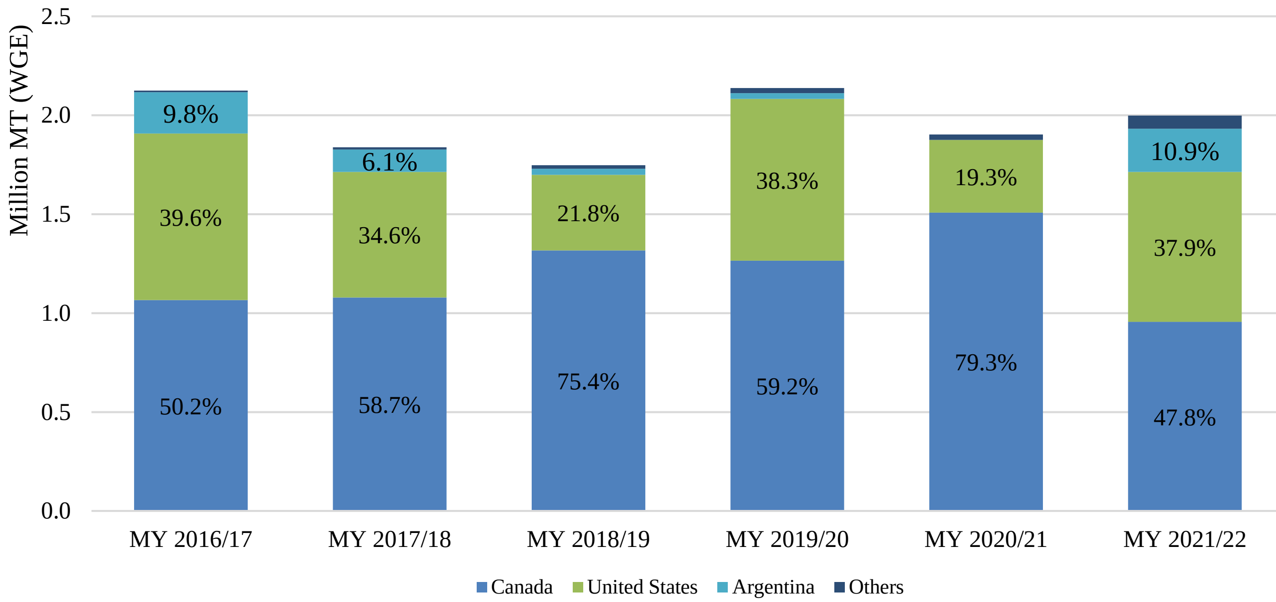
In MY 2023/24, wheat imports are forecast at 2.2 million MT, a 2.4 percent increase from Post's revised figure for the previous year as local consumption is projected to marginally increase following Colombia's economic growth.

In MY 2022/23, total wheat imports are revised down 8.7 percent to 2.1 million MT. High international prices of wheat and the strong U.S. dollar against the Colombian peso has limited demand from the wheat milling industry. The Colombian wheat milling industry is entirely supplied through imports.

Colombian millers primarily import Canadian Western Red Spring (CWRS) wheat due to its affordability and U.S. Hard Red Winter Wheat (HRW). However, since 2021, Colombian millers started to import other wheat varieties, primarily from the United States, such as Soft White (SW), Soft Red Winter (SRW), and more recently Hard Red Spring (HRS). In Colombia, HRW wheat is blended with Canadian wheat to attain the required protein level needed to satisfy the requirements for bread and pasta production. The quality protein level in U.S. HRW wheat provides an excellent, cost-effective alternative for Colombian millers, as according to Colombian industry sources, U.S. wheat use reduces the need of additives in the mix and has a lower moisture level than Canadian wheat.

There are approximately 60 importers of wheat in Colombia. Given Colombia's strong milling industry, 99 percent of Colombian wheat imports are wheat grains for further processing. The remaining 1 percent is pasta and other wheat products. Figure 8 illustrates the changes in market share and import volumes by country over the past several marketing years.

Figure 8: Wheat Imports by Country of Origin by MarketingY, July to June (million MT of WGE)



Source: Trade Data Monitor

In MY 2021/22, U.S. wheat market share in Colombia started to recover as a result of U.S. industry campaigns and stronger trade relations with Colombian millers. Nonetheless, Canada continues to be the primary supplier. From July 2022 to January 2023, U.S. wheat market share decreased to nearly 27 percent as Colombian importers shifted to Canadian (62 percent) and Argentinian wheat (7 percent) due to more competitive prices. In addition, U.S. grain shipments faced challenges to move through the Mississippi river due to low water levels caused by dry weather conditions in the second half of 2022.

In MY 2023/24, wheat exports are forecast to increase to 25,000 MT driven by rising sales to Venezuela, who has experienced modest economic gains in the past year. Venezuela is the main destination for Colombian wheat products.

In MY 2022/23, wheat exports are estimated to decrease from USDA's official estimate to 20,000 MT based on available trade data. Lower imports at higher prices affected the competitiveness of Colombia's wheat exports. Colombia mainly exports wheat flour, which represented 74 percent of total wheat exports. In MY 2021/22, the main destination for Colombian wheat flour was Venezuela (80 percent), followed by Curacao and Ecuador. Colombian pasta exports were shipped to Venezuela (47 percent) and the United States (35 percent) in MY 2021/22.

Stocks
In MY 2023/24, ending stocks are forecast to decrease to 364,000 MT as wheat importers are making purchasing decisions based on short-term necessity, given high international prices and the strong U.S. dollar against the Colombian peso. The feed and wheat milling industries maintain limited carry-over inventories of grains, but most mills have capacity to store product for two-months of operations.

Policy
There are no government programs in place for wheat. The new government in Colombia has noted that Colombia has non-competitive production systems and unfavorable climatic conditions for wheat cultivation that will not allow it to substitute imports.

Implementation of trade agreements with Canada and the United States have established favorable trade conditions with duty free wheat imports. Mercosur wheat is subject to the APBS mechanism. The APBS price stabilization system is explained in the policy section for corn. Table 4 illustrates the annual floor and ceiling prices for wheat, effective from April 1, 2023.

Table 4: CAN Floor and Ceiling Prices for Wheat, April 2023 to March 2024 (USD per ton)

	Floor Price CIF	Ceiling Price CIF
Wheat	$307	$379

Source: Resolutions 2307/2022, CAN

The reference price is the bi-weekly average of daily, weekly, or monthly quotations observed in the referential markets (FOB Gulf based on the Kansas Board of Trade first position for wheat HRW). Such a reference price must be expressed in terms of CIF. The effective duties under the APBS for each period are established based on the bi-weekly CIF reference prices. Current Mercosur duties for wheat are zero as the current reference price ($412) exceeds the ceiling price. Colombia currently has 15 trade agreements in force, most of which have zero duties for wheat, including Canada and the United States.

Table 5: Production, Supply and Distribution Estimates: Wheat

Wheat	2021/2022		2022/2023		2023/2024	
Market Year Begins	**Jul 2021**		**Jul 2022**		**Jul 2023**	
Colombia	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	3	3	3	3	0	3
Beginning Stocks (1000 MT)	471	471	422	422	0	388
Production (1000 MT)	6	6	6	6	0	6
MY Imports (1000 MT)	2040	2040	2300	2100	0	2150
TY Imports (1000 MT)	2040	2040	2300	2100	0	2150
TY Imp. from U.S. (1000 MT)	0	760	0	800	0	820
Total Supply (1000 MT)	2517	2517	2728	2528	0	2544
MY Exports (1000 MT)	20	20	25	20	0	25
TY Exports (1000 MT)	20	20	25	20	0	25
Feed and Residual (1000 MT)	125	125	150	120	0	125
FSI Consumption (1000 MT)	1950	1950	2000	2000	0	2030
Total Consumption (1000 MT)	2075	2075	2150	2120	0	2155
Ending Stocks (1000 MT)	422	422	553	388	0	364
Total Distribution (1000 MT)	2517	2517	2728	2528	0	2544
Yield (MT/HA)	2.0	2.0	2.0	2.0	0	2.0
MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024						

Note: 'New Post' data reflects FAS/Bogota's assessment.

Attachments:

No Attachments