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Report Highlights:

In marketing year (MY) 2022/23, Colombia's corn and rice production are forecast to marginally decrease from the previous year as a result of lower crop productivity due to rising prices of fertilizers and potential supply disruption of these inputs. Although, Colombia's economy is projected to continue growing in 2022, after a GDP growth of 10.2 percent in 2021, uncertainty and increasing commodity prices will reduce corn and wheat imports, which are projected to remain flat in MY 2022/23. Rice imports are forecast to reach 160,000 MT in MY 2022/23 driven by lower domestic production. The United States continues to be the main supplier for Colombian importers of corn and rice given trade preferences in the U.S.-Colombia Trade Promotion Agreement (CTPA) and geographical advantages. In MY 2022/23, wheat imports are forecast to decrease due to high international prices. Competition with Canada continues to be the most significant challenge to U.S. wheat.

Commodities:

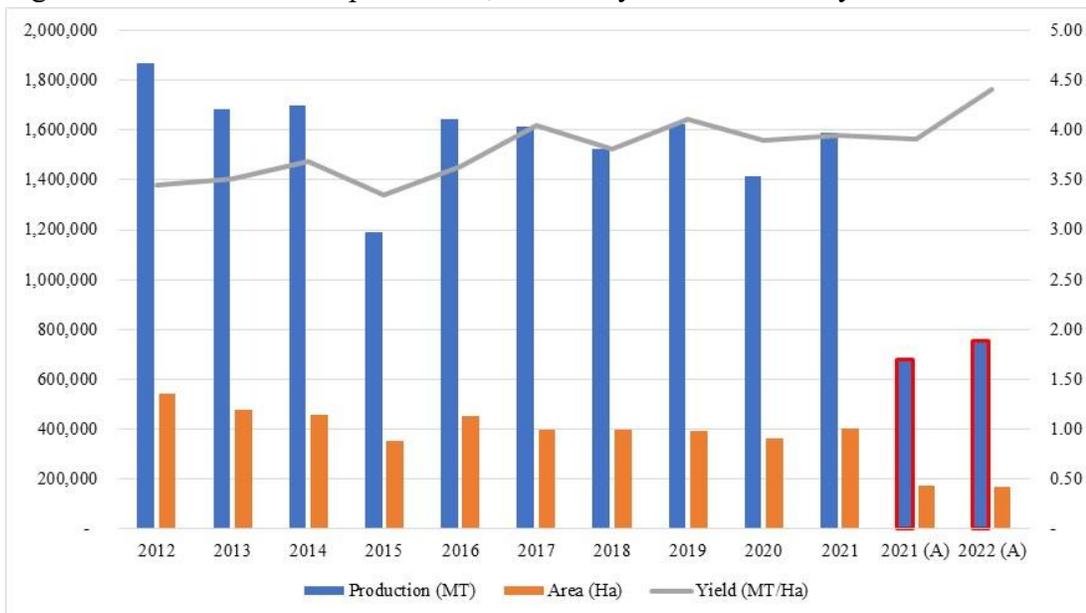
Corn

Production:

In MY 2022/23, Colombian corn production is forecast at 1.5 million MT with an estimated harvested area of 380,000 hectares (ha). Rising input costs, primarily fertilizers, will affect productivity and will discourage farmers from enlarging planted area. Offsetting these factors, high local corn prices, that depend on the imported corn price and exchange rate, might contribute to maintain corn production on average levels.

In MY 2021/22, FAS Bogota revised upwards the Colombian corn production figure by 3.9 percent from the previous estimate at 1.6 million MT. This increase is a result of higher yields due to improvements in production practices and favorable weather conditions in some producing regions in the center of Colombia. Steady corn production in recent years is the result of improving yields due to advances in technology and the replacement of traditional seeds by modern ones (see Figure 1). In CY 2021, Colombia planted 142,974 hectares of genetically engineered (GE) corn, the most ever planted in one year, and 31 percent more than the previous year.

Figure 1. Colombia's corn production, area and yield in calendar years.



Note: * 2022 only includes estimated figures for the first half of the calendar year.

Source: Colombian Association of Cereal and Legume Producers (Fenalce).

Colombian corn production is divided into two categories: large scale, modern production, which includes medium and large industrial farms, and traditional production, which is comprised of small landholdings. Colombia's average corn yield is nearly 4.0 MT/Ha. According to the Colombian Association of Cereal and Legume Producers (Fenalce), in calendar year (CY) 2021, 81 percent of

Colombia's total corn production was from modern, hybrid seed with an average yield of 5.5 MT/Ha. There are 17 producing regions in Colombia, but seven of them produce nearly 70 percent of total production.

Colombia produces yellow and white corn. According to Fenalce, in CY 2021, 71 percent of Colombian total corn production was yellow corn, while in the previous year, it accounted for 66 percent. The two types of corn tend to be grown interchangeably by farmers, depending on market conditions, since they have the same production requirements.

Consumption:

In MY 2022/23, corn consumption is forecast to remain unchanged at 7.6 million MT. Despite Colombia's economy recovered in 2022, increasing international prices of corn and global uncertainty will slow down consumption growth. According to manufacturers, corn represents nearly 60 percent of the animal feed formulation, and high-cost inputs can restrict production levels of animal proteins.

In MY 2021/22, corn consumption is estimated to reach the same 7.6 million MT driven by the economic recovery that increased demand, primarily, from the animal feed sector. In CY 2022, poultry and livestock sectors expect to increase further due to recovered animal protein demand from households and resumed operations of several economic sectors, including the food service and institutional sectors.

In CY 2021, all animal protein sectors grew more than expected to respond to increasing demand (see Table 1) due to Colombia's economic growth. In 2021, Colombia's GDP grew 10.2 percent¹, higher than the 7.8 percent estimate, after the economic contraction of 6.8 percent in 2020.

Ninety-five percent of corn imports are destined for animal feed with the remaining 5 percent for human consumption. About 10 percent of local production is for animal feed while 90 percent is for the food processing sector. Colombian corn consumption is growing at a faster rate than production, and Colombia is highly dependent on imports.

The largest consumer in the animal feed industry is the poultry sector, accounting for 65 percent of total feed imports in CY 2021. Livestock and swine sectors consumed 25 percent, and the remaining 10 percent was destined to aquaculture and household pets. The trends in feed demand determine grain feed imports and production in Colombia.

¹ Colombian Department of Statistics (DANE), GDP estimates for 2021.

Table 1. Per Capita Animal Protein Consumption in Colombia

Year	Beef (Kg)	Chicken (Kg)	Pork (Kg)	Fish (Kg)	Eggs (Units)
2012	20.7	23.7	6.01	5.4	228
2013	19.7	27.1	6.67	6.1	236
2014	19.3	29.5	7.18	6.1	242
2015	19.1	30.4	7.8	6.4	252
2016	18.6	31.5	8.7	6.8	262
2017	18.1	32.8	9.4	7.1	279
2018	18.2	33.8	10	8.4	303
2019	18.6	35.6	11.1	8.7	291
2020	17.1	34.2	10.8	7.7	325
2021	17.3	35.0	12.2	8.8	334
<i>Annual change 2020-2019</i>	<i>-8.1%</i>	<i>-3.9%</i>	<i>-2.7%</i>	<i>-11.5%</i>	<i>11.7%</i>
<i>Annual change 2021-2020</i>	<i>1.2%</i>	<i>2.3%</i>	<i>13.0%</i>	<i>14.3%</i>	<i>2.8%</i>

Source: Colombian Animal Producers Associations: Fedegan, Fenavi, PorkColombia and Fedeacua.

Corn for food and industrial use gradually increases consumption each year; however, in MY 2022/23 consumption is estimated to remain flat from the previous year as a result of high inflation rates. In MY 2021/22, corn for food and industrial use is estimated to recuperate 2 percent driven by economic recovery.

Trade:

In MY 2022/23, total corn imports are forecast to remain at 6.0 million MT with U.S. corn accounting for 75 percent of imports (4.5 million MT). The U.S. corn market share may recuperate as the out-of-quota duties will phase out in 2023. Although the International Monetary Fund (IMF) projects Colombia's economy will grow 3.8 percent in 2023, high international corn prices will limit import growth.

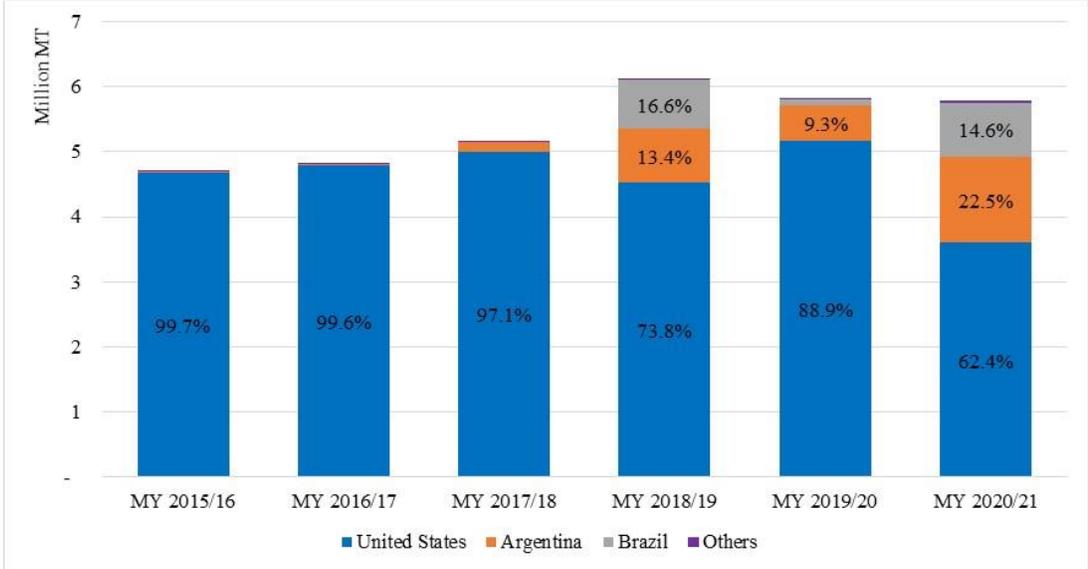
In MY 2021/22, the revised downward corn import figure of 6.0 million MT is driven by lower demand from the animal feed industry due to rising production costs. Increasing international prices and larger local production resulted in lower imports than expected.

Grain importers are highly price-conscious. When corn prices are high, the feed industry also sources other grain substitutes such as distiller's dried grains with solubles (DDGS) and wheat. 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 some grain importers, U.S. market share continues to be affected by South American imports due

to competitive prices and preferential treatment granted to Mercosur countries (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.

The graph below illustrates the changes in market share over the past several marketing years:

Figure 2. Corn Imports by Country of Origin (Marketing Years: October to September)



Source: Trade Data Monitor.

The CTPA calendar year 2022 tariff rate quotas (TRQs) for U.S. corn are 3,420,679 MT for yellow corn and 222,344 MT for white corn. The out-of-quota duty for U.S. yellow corn is 2.1 percent and 1.7 percent for white corn. These duties will phase-out by 2023.

Stocks:

In MY 2022/23, ending stocks are forecast at 185,000 MT, 35 percent lower than the previous marketing year. Colombian grain importers will take import decisions based on short-term necessity, given rising corn prices and no pressure to access the CTPA in-quota duty for corn which will phase out by 2023. The Colombian government does not have a policy for holding grain inventories, and the industry maintains limited stocks given the high costs of storage throughout Colombia.

Policy:

The Colombian government has targeted corn in several programs that intend to increase local production and substitute for imports. However, no program has successfully achieved this goal as domestic producers have made only slow improvements in productivity.

The most recent government initiative that targets corn is called “Soya Maíz: Proyecto País” which was launched in March 2021 and is part of the national strategy to facilitate corn production: “Maíz para Colombia: Visión 2030,” developed by the International Maize and Wheat Improvement Center (CIMMYT) and the International Center for Tropical Agriculture (CIAT) in 2019. The initiative’s goal is to increase Colombian corn and soybean productivity, substitute imports, and improve trade relationships between producers and industry. Unlike other past programs, the implementation of this initiative will involve the finance sector through priority access to credits with discounted payback terms and special loan categories that will offer funds to corn growers.

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 2 illustrates the annual floor and ceiling prices for corn, effective from April 2022 to March 2023.

Table 2. CAN Floor and Ceiling Prices for Corn

<i>April 2022 to March 2023 (USD per ton)</i>		
	Floor Price CIF	Ceiling Price CIF
Yellow corn	\$219	\$258
White corn	\$251	\$289

Source: Resolution 2245/2021. 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). Such a 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 2022 are \$335 and \$403, respectively.

Production, Supply and Distribution:

Table 3. Production, Supply and Distribution Estimates: Corn

Corn Market Year Begins	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
Colombia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	364	364	390	390	0	380
Beginning Stocks	285	285	307	307	0	286
Production	1479	1479	1520	1580	0	1500
MY Imports	5795	5795	6100	6000	0	6000
TY Imports	5795	5795	6100	6000	0	6000
TY Imp. from U.S.	3605	3600	0	3800	0	4000
Total Supply	7559	7559	7927	7887	0	7786
MY Exports	2	2	1	1	0	1
TY Exports	2	2	1	1	0	1
Feed and Residual	5800	5800	6100	6100	0	6100
FSI Consumption	1450	1450	1500	1500	0	1500
Total Consumption	7250	7250	7600	7600	0	7600
Ending Stocks	307	307	326	286	0	185
Total Distribution	7559	7559	7927	7887	0	7786
Yield	4.1	4.1	3.9	4.1	0	3.9

(1000 HA), (1000 MT), (MT/HA)

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 2022/2023 = October 2022 - September 2023

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

Commodities:

Rice

Production:

In MY 2022/23, Colombian rice production is forecast to decrease to 1.8 million MT of milled rice equivalent (MRE). Lower yields are due to rising prices of fertilizers and other agricultural inputs. Domestic rice prices started to surge in January 2022. For instance, the price of one metric ton of green paddy rice increased 35.4 percent from \$1,035,857 Colombian pesos (COP) (\$273 USD) in February 2021 to \$1,402,714 COP (\$369 USD) in February 2022. If the upward trend in local prices continues, farmers will maintain similar crop areas in MY 2022/23 compared to the previous year.

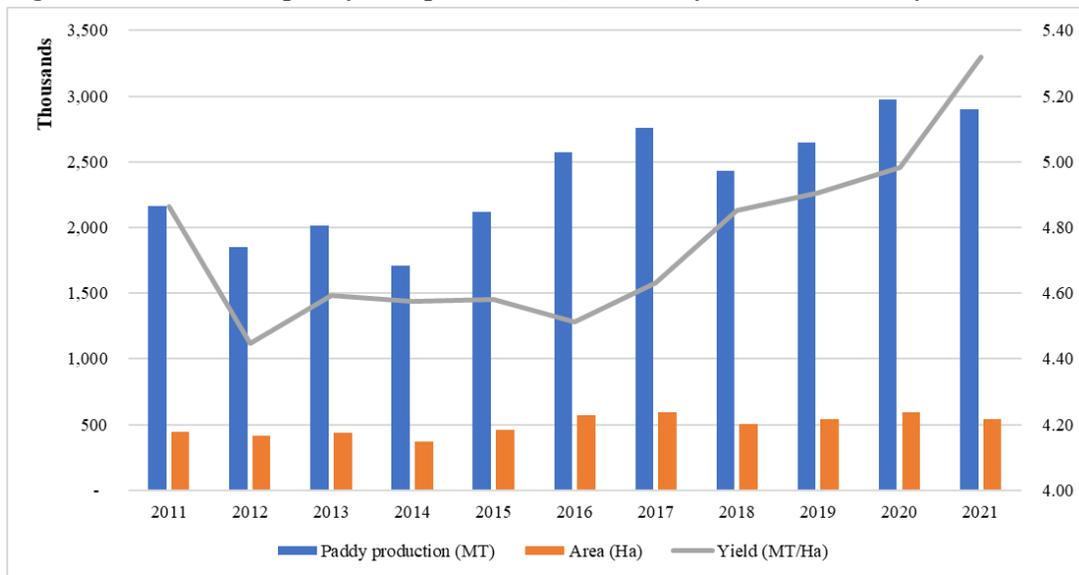
In MY 2021/22, FAS Bogota estimates a revised Colombian rice production figure to decrease 2.8 percent from the previous USDA's official estimate to 1.9 million MT as a result of a 1.8 percent contraction in harvested area due to decreasing local rice prices. In August 2021, the local rice price fell to \$895,701 COP/MT (\$236 USD) of green paddy rice. In addition, in late 2021, excessive rains and flooding in Colombia's north coast affected nearly 30,000 hectares of rice fields. This region accounts for approximately 5 percent of Colombia's total rice production.

Colombia produces rice throughout the year, 35 percent in the first half of the year and the remaining 65 percent in the second half. There are five producing regions in Colombia with two of them 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 estimate 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 hope of higher prices after the peak harvest season. Growers must sell the green paddy rice to the millers to be dried, stored and milled. In order to offer an option to dry and store rice, the National Federation of Colombian Rice Producers (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. However, Fedearroz's milling facilities capacity is not large enough. There are approximately 95 rice millers in Colombia, where two large companies dominate 45 percent of the market.

The graph below illustrates Colombia's paddy rice production and yields in the past several calendar years:

Figure 3. Colombia's paddy rice production, area and yield in calendar years.



Source: Colombian Rice Growers Federation (Fedearroz).

Consumption:

In MY 2022/23, milled rice consumption is forecast to remain unchanged at 2.0 million MT as global uncertainty and increasing domestic rice prices might slow consumption growth. In MY 2021/22, FAS Bogota revised milled rice consumption to increase 2.6 percent to 2.0 million MT as Colombia's economy recovered faster than expected in 2021, and the reopening of the food service and institutional sectors boosted rice consumption.

Rice is one of the key staple foods in Colombia, with a high per capita consumption compared to neighboring countries. Rice is also an affordable and important item for the nearly 2 million Venezuelans living in Colombia. Rice is mainly sold in mom and pop stores (92%), supermarkets (4.3%) and wholesale and produce markets (3.3%).

In June 2021, the Colombian Ministry of Agriculture launched a program to promote the consumption of brown rice for livestock and industrial use to reduce high local rice inventories before the peak harvest season (July to October). Under this program less than 100,000 MT of brown rice (87,500 MT milled rice equivalent) was consumed as Colombian animal feed producers usually do not use rice as an input for feed formulation.

Trade:

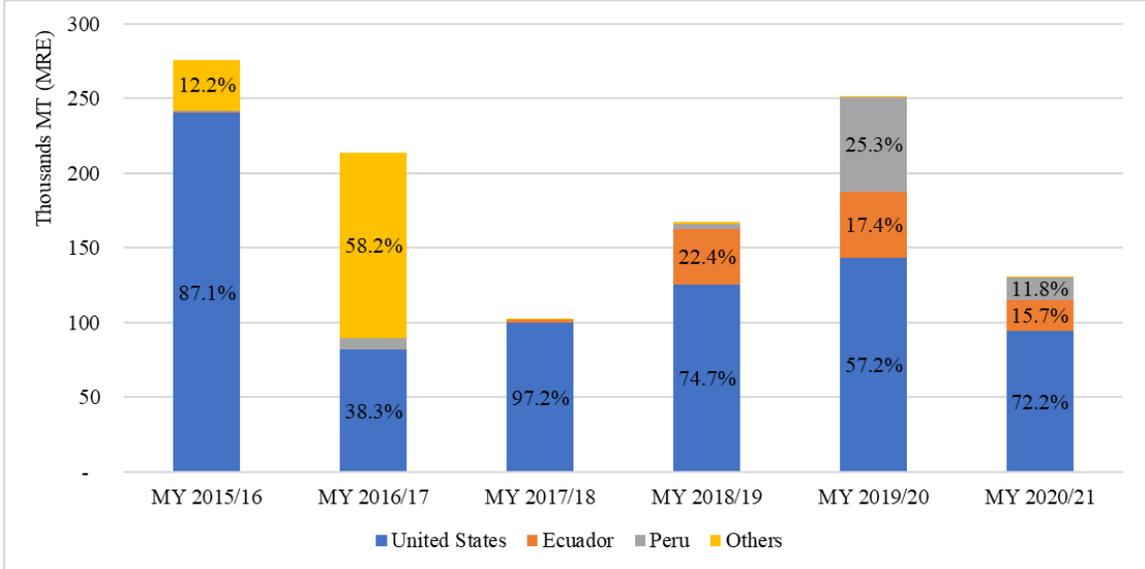
In MY 2022/23, Colombian rice imports are forecast to increase to 160,000 MT due to lower domestic production and Colombia's economic recovery that will maintain consumption levels. In MY 2021/22, revised rice imports figure is up 17 percent from USDA's official estimate since the first Colombia Rice Export Quota (COL-RICE) TRQ auction of 2022 was fully subscribed with 85,913 MT MRE. The CTPA CY 2022 TRQ for U.S. rice is 122,685 MT. The out-of-quota duty is 49.2 percent.

Despite domestic rice inventories remain above average levels, in late 2021 and early 2022, rice supply to the Colombian north coast was affected by flooding of neighboring producing regions. In addition, rice inventories are primarily storage in the eastern plains and center of Colombia which makes not profitable to send rice to the coast due to high internal transportation costs and rising domestic rice prices. A decrease in international rice price and appreciation of the Colombian peso against the U.S. dollar, were also reasons that motivated importers to participate in the first 2022 COL-RICE auction.

The COL-RICE TRQ auctions of 2021 were not fully subscribed, with the January, June, and October 2021 auctions resulting in more than 108,777 MT of unawarded rice quota. This was the first year since the CTPA’s implementation (2012) that the U.S. rice TRQ was not fully subscribed. The primary reason for lower participation in the COL-RICE auctions was expanding Colombian rice production, which put downward pressure on domestic prices and made imports unattractive, especially given high international prices, a strong dollar, and increasing international freights.

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

Figure 4. Rice Imports by Country of Origin (Marketing years: April to March)



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 and Peru. The CAN agreement has milled rice quotas at zero duty that will be unlimited for Peru, by 2022, and for Ecuador, by 2027. 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. Significant quantities of Ecuadorian or Peruvian rice will not be imported in MY 2021/22.

Colombia does not export rice. However, unofficial estimates indicate there are milled rice trade flows into Venezuela via the common border. In MY 2022/23, exports to Venezuela are forecast to remain unchanged at 60,000 MT per year, as Colombian production will be prioritized to supply the domestic demand.

Stocks:

In MY 2022/23, the ending stocks forecast is down to 279,000 MT as inventories start to stabilize assuming local production will decrease, and consumption will remain at 2 million MT. In MY 2021/22, revised ending stocks are forecast to decrease to 429,000 MT due to lower production and demand recovery.

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:

Rice growers frequently urge the government to support them in the challenging environment of low grower prices and difficult market conditions. In response, the government usually allocates funds to protect farmer income through direct payments and financial storage incentives to regulate market prices. The most recent Colombian government's rice policies have been focused on reducing rice inventories and mitigating negative effects on prices. Last year, the Colombian Ministry of Agriculture issued [resolution 221](#) to provide financial storage incentives during the peak harvest season and [resolution 152](#) to support the use of brown rice for livestock and industrial uses to reduce existing rice inventories in the country.

In November 2021, the Colombian Ministry of Health issued a draft regulation to establish sanitary and nutritional requirements for rice and corn/wheat flour. The proposed regulation sets mandatory fortification requirements for all rice consumed and corn/wheat flour used in food preparations in Colombia. Human food fortification regulations are a top policy priority for President Duque's administration, which ends in August 2022. The Ministry of Health already received domestic public comments and is expected to notify this technical regulation to the WTO for a two-month period of comments prior to its implementation.

Production, Supply and Distribution:

Table 4. Production, Supply and Distribution Estimates: Rice

Rice, Milled Market Year Begins	2020/2021		2021/2022		2022/2023	
	Apr 2020		Apr 2021		Apr 2022	
Colombia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	590	590	560	550	0	550
Beginning Stocks	386	386	569	569	0	429
Milled Production	2000	2000	1904	1850	0	1750
Rough Production	2941	2941	2800	2721	0	2574
Milling Rate (.9999)	6800	6800	6800	6800	0	6800
MY Imports	138	138	60	70	0	160
TY Imports	31	31	130	130	0	180
TY Imp. from U.S.	10	10	0	0	0	0
Total Supply	2524	2524	2533	2489	0	2339
MY Exports	55	55	60	60	0	60
TY Exports	55	55	60	60	0	60
Consumption and Residual	1900	1900	1950	2000	0	2000
Ending Stocks	569	569	523	429	0	279
Total Distribution	2524	2524	2533	2489	0	2339
Yield (Rough)	5.0	5.0	5.0	5.0	0	4.7

(1000 HA), (1000 MT), (MT/HA)

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 2022/2023 = January 2023 - December 2023

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

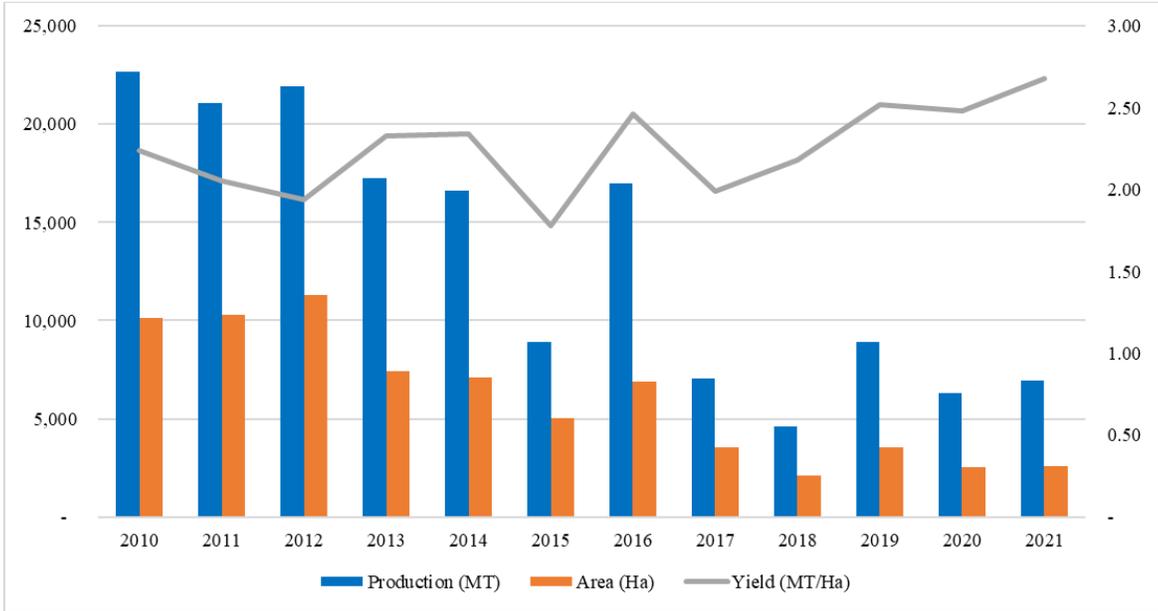
Commodities:

Wheat

Production:

In MY 2022/23, wheat production is forecast at 6,000 MT with an estimated area harvested of 2,500 Ha. Colombian wheat production is a minor rudimentary crop, primarily grown in two high-altitude regions that have more favorable climatic conditions for wheat cultivation. Average yield might vary between 2.0 and 2.4 metric tons per hectare, depending on weather conditions. Over the past 10 years, reductions in wheat area planted are small but permanent as the country has noncompetitive production systems (see graph below). Domestic wheat production is primarily destined for wet milling and human consumption.

Figure 5. Colombia’s wheat production, area, and yield in calendar years.



Source: Colombian Association of Cereal and Legume Producers (Fenalce).

Consumption:

In MY 2022/23, wheat consumption is forecast to remain unchanged from Post’s revised figure for the previous year at 2.1 million MT of wheat grain equivalent (WGE). Wheat consumption trends will likely parallel population growth with demand gradually increasing each year (2-3 percent); however, current global uncertainty, high food inflation rates in Colombia, and the increase in international wheat prices, might slow down consumption driven by lower imports. The Colombian wheat milling industry is entirely supplied through imports.

In MY 2021/22, Post’s revised the estimated wheat consumption figure to increase 2.4 percent from the previous estimate to 2.1 million MT driven by the recovery of the economy, and the reopening of the food service sector. Colombia’s GDP grew 10.6 percent in 2021, a higher rate than expected, after a 6.8

percent contraction in 2020. FSI wheat consumption estimates are up 3.9 percent from the USDA's official previous estimate. Feed wheat consumption remains unchanged as the price-sensitive animal feed industry preferred corn to supply their needs. Corn is the primary feed grain in Colombia.

Per capita wheat consumption is estimated at 65 pounds. The bread and flour sector consumes nearly 70 percent of wheat, followed by the pasta sector (15%) and the cookies and pastry industry (10%). Wheat feed consumption usually represents nearly 5 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:

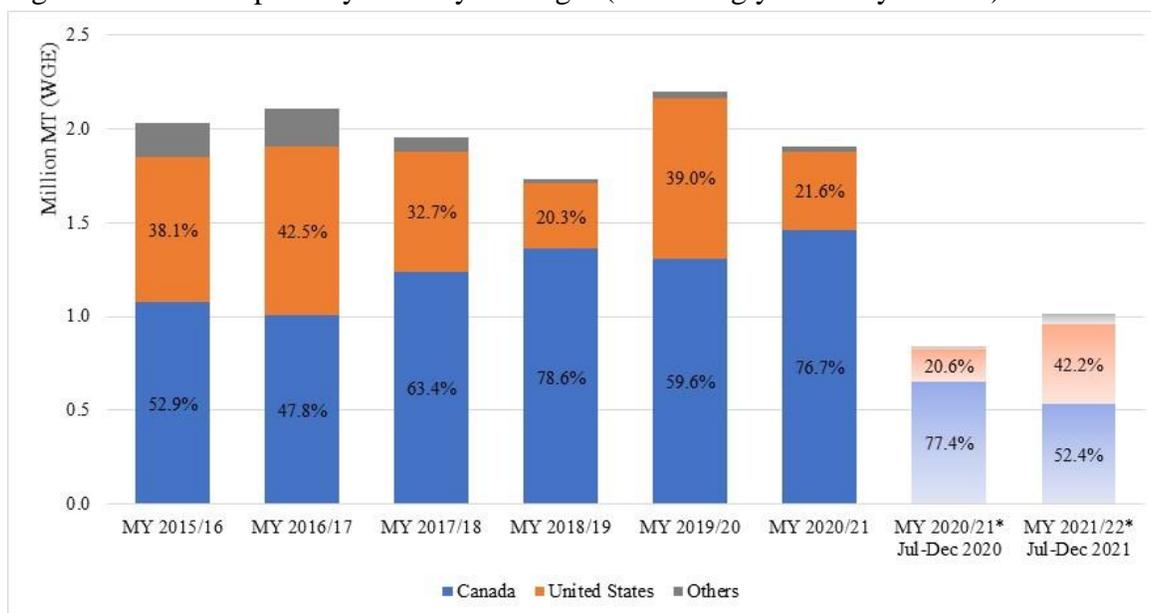
In MY 2022/23, wheat imports are forecast at 2.0 million MT, a 4.8 percent decrease from Post's revised figure for the previous year. High international prices of wheat will limit demand from the wheat milling industry. U.S. wheat is expected to maintain nearly 30 percent market share at 600,000 MT.

In MY 2021/22, total wheat imports are revised up to 2.1 million MT based on available trade data. In 2021, Colombia's economy registered higher growth rates than expected which boosted consumption and imports. U.S. wheat market share in Colombia is expected to recover in MY 2021/22 due to U.S. Wheat Associates marketing campaigns and stronger trade relations with Colombian millers. Nonetheless, Canada continues to be the primary supplier with a market share over 70 percent.

Colombian millers primarily import Canada Western Red Spring (CWRS) wheat due to its affordability, higher protein content, and strong trade relationships with Canadian exporters given the Colombia-Canada Free Trade Agreement entered into force prior to the CTPA. In 2021, Colombian millers imported other wheat varieties, primarily from the United States, such as soft white (SW) and hard red winter (HRW) wheat. 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.

There are approximately 60 importers of wheat; however, imports are concentrated (approximately 90 percent) among 25 importers. In MY 2020/21, about 98.5 percent of Colombian wheat imports were wheat grain, and the remaining 1.5 percent was pasta. The chart below illustrates the changes in market share and import volumes by country over the past years:

Figure 6. Wheat Imports by Country of Origin (Marketing years: July to June)



Source: Trade Data Monitor.

In MY 2022/23, Colombian wheat exports are forecast to remain stagnant at 20,000 MT considering production constraints from the wheat milling industry due to high wheat international prices. Colombia primarily exports wheat flour (92%) and pasta (7%). In MY 2021/22, revised wheat exports estimate is down to 20,000 MT from 30,000 MT, based on available trade data, and assuming wheat milling industry prioritized to supply local than foreign markets. The main destination for Colombian wheat flour is Venezuela, which accounted for 87.7 percent total exports in MY 2020/21.

Stocks:

In MY 2022/23, ending stocks are forecast to decrease to 343,000 MT as imports are forecast low while consumption remains unchanged. Wheat importers are also making purchasing decisions based on short-term necessity, given current high international prices and strong U.S. dollar against Colombian peso. The feed and wheat milling industries maintain limited carry-over inventories of grains given the high cost of storage. The storage capacity depends on the mill size, but most mills have capacity to storage product for two-month operations.

Policy:

There are no government programs in place for wheat. 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 Andean Price Band System (APBS) mechanism. The APBS price stabilization system is explained in the policy section for corn. Table 2 illustrates the annual floor and ceiling prices for wheat, effective from April 1, 2022:

Table 5. CAN Floor and Ceiling Prices for Wheat

April 2022 to March 2023		
USD per ton		
	Floor Price CIF	Ceiling Price CIF
Wheat	\$271	\$302

Source: Resolutions 2245/2021. 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 reference price for the second half of March 2022 is \$438/MT. Colombia currently has 15 trade agreements in force, most of which have zero duties for wheat, including Canada and the United States.

In 2020, USDA awarded a \$25 million Food for Progress program for Colombia. The program successfully sold 69,100 MT of Hard Red Winter (HRW) wheat in two tranches, one tranche of 41,000 MT that sold in March 2021, and arrived in Colombia in July 2021, and the second tranche of 28,100 MT of HRW that sold in August 2021 and arrived in Colombia in November. This Food for Progress wheat is included in the MY 2021/22 import projections.

Production, Supply and Distribution:

Table 6. Production, Supply and Distribution Estimates: Wheat

Wheat Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
Colombia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3	3	3	3	0	3
Beginning Stocks	585	585	471	471	0	457
Production	5	5	5	6	0	6
MY Imports	1906	1906	2000	2100	0	2000
TY Imports	1906	1906	2000	2100	0	2000
TY Imp. from U.S.	412	412	0	600	0	600
Total Supply	2496	2496	2476	2577	0	2463
MY Exports	25	25	30	20	0	20
TY Exports	25	25	30	20	0	20
Feed and Residual	100	100	125	100	0	100
FSI Consumption	1900	1900	1925	2000	0	2000
Total Consumption	2000	2000	2050	2100	0	2100
Ending Stocks	471	471	396	457	0	343
Total Distribution	2496	2496	2476	2577	0	2463
Yield	1.7	1.7	1.7	2.0	0	2.0

(1000 HA), (1000 MT), (MT/HA)

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 2022/2023 = July 2022 - June 2023

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

Attachments:

No Attachments