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Colombia

Grain and Feed

Wheat Imports Increase from Argentina

2005

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Report Highlights:

Colombia's wheat imports from Argentina increased to 70,000 tons during January-May 2005, up from no imports in 2004. Imports have increased from Argentina due to lower duties under the free trade agreement between Mercosur and the Andean Community. Under the agreement that was implemented on February 1, 2005, the duty for Argentine wheat is currently 6.6 percent, while the duty for U.S. and Canadian wheat is 15 percent.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Bogota [CO1]
[CO]

Lower duties under the Andean Community – Mercosur free trade agreement have resulted in increased imports from Argentina. Contacts in the milling industry report that imports from Argentina increased to 70,000 tons in the period January to May 2005, while Colombia imported no wheat from Argentina in the previous year. Total wheat imports during January-May 2005 were an estimated 460,000 tons. Imports from U.S. fell to 284,000 tons from 300,000 tons in the same period last year, while import from Canada fell to 97,000 tons from 180,000 the previous year.

The duty for wheat imports from coming from Argentina is currently 6.6 percent under the Andean – Mercosur trade agreement that has been in place since February 1, 2005, while imports from the U.S. and Canada are now paying 15 percent under the Andean price band system. The duty for wheat coming from Argentina will be phased out between now and 2009. The U.S. and Colombia (along with Peru and Ecuador) are currently negotiating a free trade agreement with the goal of having the agreement in place by the end of 2006.

Colombian wheat consumption depends almost completely from imports, which supply over 95 percent of total needs. During calendar 2004, wheat imports reached 1.3 million tons, of which the U.S. supplied 744,000 tons (a 59% market share) and Canada was the second largest wheat provider with 41 percent of the market. Colombia did not import wheat from Argentina during 2004, although it had imported small amounts in previous years. The U.S. and Canada have traditionally been the two largest suppliers to Colombia.

According to industry contacts, imports fell from Canadian this year due to a poor crop. The Colombian industry purchased high quality U.S. wheat to cover the shortage of Canadian wheat, and in turn purchased Argentine wheat to substitute for some imports from the U.S. These contacts report that quality is a major factor in importing wheat and that the Argentine wheat satisfied industry quality requirements for production mixes. They expect increased imports of low cost Argentine wheat in the future to substitute for some wheat currently imported from the U.S.

Colombia: Wheat Imports				
1,000 Metric Tons				
	2002	2003	2004	2005
	Jan - Dec	Jan - Dec	Jan - Dec	Jan – May*
United States	744	735	744	284
Canada	430	238	517	97
Argentina	42	18	-	70
Others	47	155	2	9
Total	1,263	1,146	1,263	460

* Preliminary estimate.