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Report Highlights:

The COVID-19 pandemic negatively impacted household incomes in Colombia, and as a result, affected food consumption patterns. In marketing year (MY) 2021/22, Colombian grain and feed consumption is expected to rebound driven by economic recovery. In MY 2021/22, the United States may continue facing increased competition from South American exporters of corn due to favorable prices under the Andean Community of Nations (CAN) and Mercosur Economic Complementation Agreement. Corn production will remain at 1.5 million metric tons (MT) driven by higher corn prices. In MY 2021/22, rice imports will decrease, primarily, due to large domestic inventories from record production in MY 2020/21. Domestic rice production is forecast to decrease as oversupply put downward pressure on producer prices. In MY 2021/22, wheat imports are forecast to slightly increase following economic recovery.

Commodities:

Corn

Production:

In MY 2021/22, Colombian corn production is forecast to remain unchanged at 1.5 million MT with an estimated harvested area of 390,000 hectares (ha), assuming normal weather conditions. In MY 2020/21, Colombia corn production is estimated to increase 105,000 MT from the previous year, as a result of a 5 percent growth in area planted motivated by high local prices that depend on the imported corn price and exchange rate. The steady corn production in recent years has been the result of gradually improving yields due to advances in technology and substitution of traditional planting by modern crops.

Colombian corn production is divided into two categories: large scale, which includes medium and large industrial farms that apply the use of improved seed, preventative chemical pest controls, and modern machinery for planting and harvesting; and the traditional system, which is comprised of small landholdings managed by, typically, one owner who may grow multiple crops within the operation. Average corn yields under the large-scale system are higher (5.8 tons per hectare (MT/Ha)) than under the traditional system (1.8 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 the Colombian Grain Producers Association (Fenalce), in calendar year (CY) 2020, 66 percent of Colombian total corn production was yellow corn, and the remaining 34 percent was white corn. The two types of corn tend to be grown interchangeably by farmers, depending on market conditions, as they have the same production requirements.

Consumption:

In MY 2021/22, corn consumption is forecast to increase by 2.4 percent to 7.6 million MT driven by the economic recovery that will increase demand, primarily, from the animal feed sector. In CY 2022, poultry and livestock sectors expect to recuperate their pre-COVID-19 growth trend driven by recovered animal protein demand from households and resumed operations of several economic sectors, including the food service and institutional sectors.

In MY 2020/21 corn consumption is estimated to remain stagnant from the previous year at 7.4 million MT given slow economic recovery and increasing international prices of corn. According to manufacturers, corn represents nearly 60 percent of the animal feed formulation, and high cost inputs can restrict production levels of animal proteins. Consequently, in CY 2021, poultry and livestock sectors expect to maintain 2020 production levels or slightly increase depending on economic recovery and input prices.

The measures to prevent and control the spread of COVID-19 led Colombia to an economic contraction (-6.8% decrease in GDP)¹ that affected household incomes and consumption patterns. Demand for animal proteins was severely impacted driven by lower sales to the food service sector and shifts to cheaper-proteins such as eggs, dry-beans and lentils, at the expense of meat. The chart below illustrates changes in per capita consumption of animal proteins, highlighting the turnaround in CY 2020.

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
Annual change 2020-2019	-8.1%	-3.9%	-2.7%	-11.5%	11.7%

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

The largest consumer in the animal feed industry is the poultry sector, accounting for 66 percent of total feed imports. Livestock and swine sectors consume about 24 percent, and the remaining 10 percent is destined to aquaculture and household pets. The trends in feed demand determine grain feed imports and production in Colombia. Imported corn demand continued during the COVID-19 outbreak despite the drop in per capita meat consumption and economic contraction. Some animal sectors experienced growth. For instance, in 2020, egg consumption increased 11.7 percent, domestic pork meat production increased 5 percent to satisfy local demand due to lower pork imports (-35 percent), and Colombian fish exports increased 3 percent.

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.

Despite gradually increasing consumption of corn for food and industrial use each year, in MY 2020/21 consumption is estimated to remain flat from the previous year as a result of reduced demand due to loss

¹ Colombian Department of Statistics (DANE), GDP estimates for 2020.

of incomes. In MY 2021/22, corn for food and industrial use is forecast to recuperate 2 percent driven by economic recovery.

Trade:

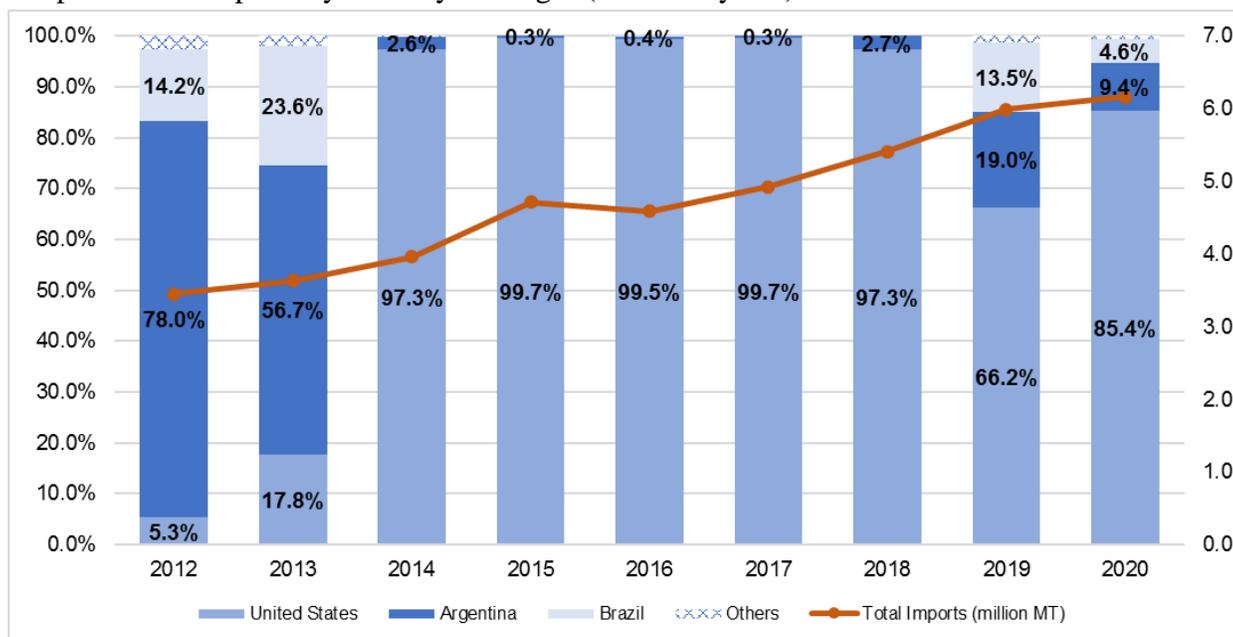
In MY 2021/22, total corn imports are forecast to reach 6.1 million MT with U.S. corn accounting for 80 percent of imports (4.9 million MT). Corn imports will increase if the animal feed sector recuperates its pre-COVID-19 growth trend. Although the United States continues to be the main sourcing option 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 may 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).

In MY 2020/21, revised corn imports are estimated to slightly decrease to 5.9 million MT driven by a contraction of the animal feed industry due to lower animal protein demand from the COVID-19 pandemic and increasing international prices. Grain importers are driven by prices. On occasion, when corn prices are high, the feed industry has preferred to source other grain substitutes such as distiller's dried grains with solubles (DDGS) and wheat.

Between 2015 and 2017, U.S. market share of the Colombian corn import market reached more than 99 percent, as a result of the CTPA implementation. Conversely, with high global commodity prices, the APBS mechanism has resulted in an opposite scenario with zero duties for imports from trading partners where the price band mechanism applies, such as Mercosur. In 2021, U.S. corn will benefit from zero duties within quota, and under the CTPA preferential treatment via the application of Article 48 of Decree 730 of 2012. This article specifies that in the event that a lower tariff has been established for any product within the framework of a trade agreement signed by Colombia with another country after February 27 of 2006, said lower tariff will be applied to imports from the United States. In this case, the Canada Trade Agreement duty applies. Canada is also subject to the APBS.

The graph below illustrates the changes in market share since the CTPA implementation:

Graph 1. Corn Imports by Country of Origin (Calendar years)



Source: Colombian Customs Authority (DIAN) – Trade Data Monitor.

The CTPA CY 2021 TRQs for U.S. corn are 3,257,789 MT for yellow corn and 211,756 MT for white corn. Out-of-quota duty for U.S. yellow corn is 4.2 percent and 3.3 percent for white corn. These duties will phase-out by 2023.

Stocks:

In MY 2021/22, ending stocks are forecast at 311,000 MT. Colombian grain importers will make purchasing decisions based on short-term necessity, given there is less pressure to access the CTPA in-quota duty for corn and increasing corn prices. 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 imports are highly competitive and domestic producers have made only slow improvements in productivity. The most recent government initiative is called “Soya Maíz: Proyecto País” which is part of the strategy to implement the plan for 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 goal of the program 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 and industry engagement.

As a member of the Andean Community of Nations (CAN), Colombia applies the 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 2020 to March 2021, and from April 2021 to March 2022.

Table 2. CAN Floor and Ceiling Prices for Corn

<i>April 2020 to March 2021 (USD per ton)</i>			<i>April 2021 to March 2022 (USD per ton)</i>		
	Floor Price CIF	Ceiling Price CIF		Floor Price CIF	Ceiling Price CIF
Yellow corn	\$199	\$212	Yellow corn	\$196	\$209
White corn	\$230	\$242	White corn	\$232	\$245

Source: Resolution 2118/2019 and Resolution 2175/2020 . 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 part of March 2021 are \$274 and \$307, respectively.

Production, Supply and Demand Data Statistics:

Table 3. Production, Supply and Demand Estimates: Corn

Corn Market Year Begins	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
Colombia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	373	373	384	390	0	390
Beginning Stocks	316	316	287	291	0	291
Production	1395	1395	1410	1500	0	1500
MY Imports	5976	5980	6200	5900	0	6100
TY Imports	5976	5980	6200	5900	0	6100
TY Imp. from U.S.	5316	5316	0	4700	0	4900
Total Supply	7687	7691	7897	7691	0	7891
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	5900	5900	6100	5900	0	6050
FSI Consumption	1500	1500	1500	1500	0	1530
Total Consumption	7400	7400	7600	7400	0	7580
Ending Stocks	287	291	297	291	0	311
Total Distribution	7687	7691	7897	7691	0	7891
Yield	3.7	3.7	3.7	3.9	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 2021/2022 = October 2021 - September 2022

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

Commodities:

Rice

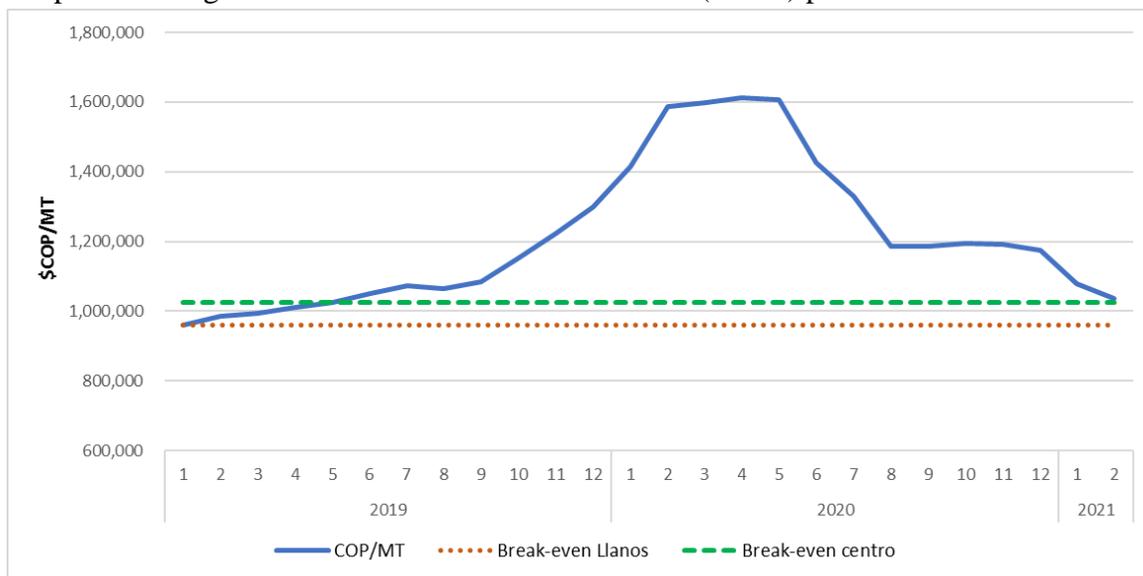
Production:

In MY 2021/22, Colombian milled rice production is forecast to decrease by 10 percent from the previous year to 1.8 million MT. Area planted will fall to 540,000 ha. If weather conditions remain favorable, the estimated average yield is at 4.9 MT/Ha on a paddy rice basis. Local rice prices are under downward pressure due to large domestic rice inventories, resulting from record domestic production in 2020. In February 2021, average grower prices decreased by nearly 35 percent compared to a year ago. Low market prices will discourage rice producers to plant.

In MY 2020/21, area planted increased 14 percent to 595,000 hectares. The increase in area planted joined with favorable weather conditions and better technology adoption resulted in a historically high production of 2.0 million MT of milled rice. The domestic price surge at the beginning of 2020 driven by a strong U.S. dollar against the Colombian peso, high international rice prices, and temporary higher demand due to COVID-19 panic-buying, stimulated growers to enlarge area planted, primarily in the eastern plains or *Llanos* region.

The graph below illustrates the monthly internal price paid to growers per metric ton of green paddy rice. The dotted lines illustrate the estimated average production costs in the main producing regions.

Graph 2. Average Domestic Price – Colombian Pesos (\$COP) per Metric Ton of Green Paddy Rice



Source: National Federation of Colombian Rice Producers (Fedearroz)

Colombia produces rice throughout the year, about 35 percent in the first part of the year and the remaining 65 percent in the second part. 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 5.5 MT/ha. Colombia's average yield is estimate at 4.9 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 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.

Consumption:

In MY 2021/22, milled rice consumption is forecast to increase 3 percent to 1.95 million MT driven by economic recovery. In MY 2020/21, milled rice consumption decreased to 1.9 million MT. Despite rice demand surging during the first part of 2020, demand fell in the second part of the year due to large home-inventories driven by COVID-19 panic buying, reduced household incomes due to economic contraction, and cheaper rice substitutes such as potatoes. In addition, nearly 200,000 Venezuelan immigrants left the country due to the COVID-19 containment measures that severely affected the informal sector where most immigrants work. In 2019, higher demand from the approximately 1.8 million Venezuelan immigrants that lived in Colombia boosted rice per capita consumption. It is expected that in 2021, rice consumption will recover as many Venezuelans return to Colombia due to more relaxed COVID-19 restrictions, and economic recovery will help to increase household incomes. 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 Venezuelan diet.

Trade:

In MY 2021/22, Colombian rice imports are forecast to decrease to 100,000 MT due to large beginning stocks and significant domestic production prospects, combined with increased international prices, and the strong U.S. dollar against the Colombian peso. In MY 2020/21, Colombian rice imports are estimated at 160,000 MT, down 20 percent from the previous estimate, due to increased local production that discouraged imports during the last part of 2020 and the beginning of 2021.

The CTPA CY 2021 TRQ for U.S. rice is 117,402 MT. The out-of-quota duty is 55.4 percent. The first 2021 TRQ auction was held on January 25, 2021. Only 6,591 MT out of 82,213 MT (8 percent) was allocated. This is the first time the U.S. rice TRQ is not fully subscribed since the CTPA's implementation. Colombia's large domestic rice inventories, resulting from record domestic production

late last year, joined with high international prices and the strong dollar against the Colombian peso, discouraged U.S. rice imports. Usually, most of the rice under the TRQ, nearly 70 percent, is imported during the first half of the year. There will be two more auctions to allocate the remaining quota volume: June 3, 2021, for 17,066 MT; and October 7, 2021, for 18,123 MT. See the COL-RICE website for more details.

CAN members (Colombia, Ecuador, Peru, and Bolivia) are assessed a zero-tariff. They are not subject to the Andean Price Band System, but a ministerial decree is necessary before an import permit is issued. In recent years, Colombia did not allow rice imports from Ecuador and Peru, given large Colombian production. However, in late 2017, Colombia had rice trade disputes with Ecuador and Peru, and Colombia had to grant access to Ecuadorian and Peruvian rice. Colombia will progressively implement the elimination of restrictions on imports of rice from these origins. Rice from these origins will only be allowed to enter Colombia from January 1st to June 30th and from November 15th to December 31st each calendar year. These import periods were established to protect Colombian producers during Colombia’s harvest season. The table below shows the quotas for milled rice, including short and medium grain, from Ecuador and Peru at zero duty.

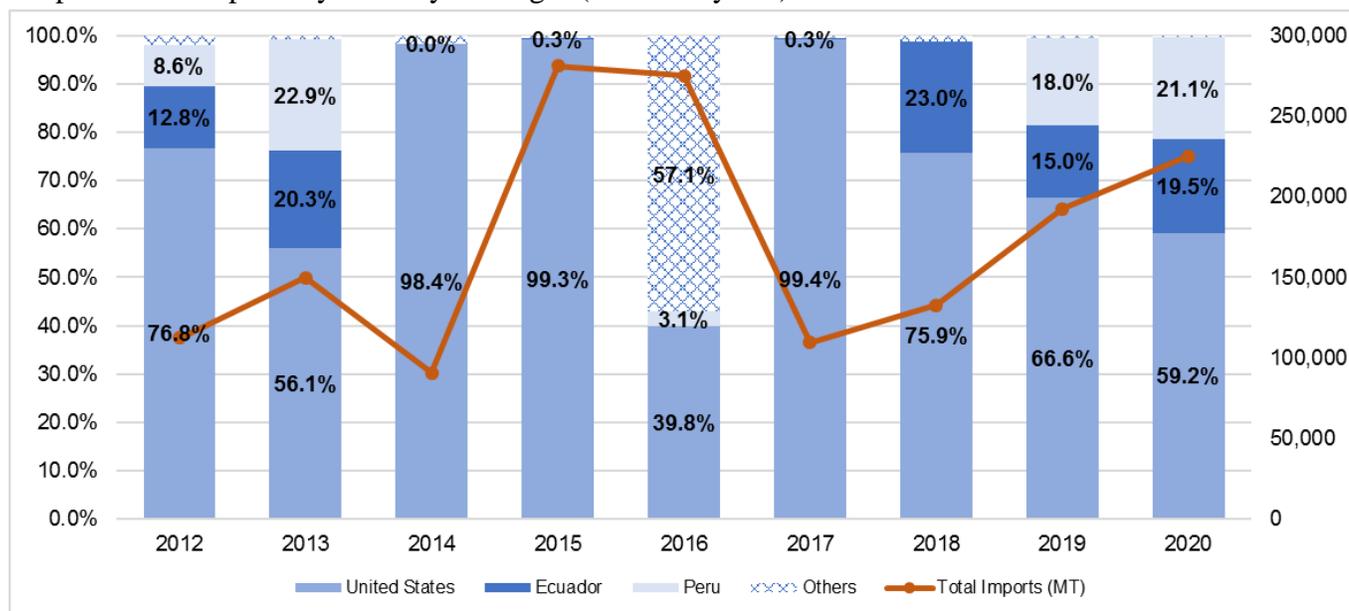
Table 4. Rice Quotas under CAN Agreement

Calendar Year (January to December)	Quota (MT)	
	Ecuador	Peru
2018	87,447	45,000
2019	91,381	60,000
2020	95,494	90,000
2021	99,792	120,000
2022	104,282	Unlimited
2023	108,974	
2024	113,879	
2025	119,003	
2026	124,358	
2027	Unlimited	

Source: Colombian Ministry of Trade, Industry and Tourism.

Rice millers and traders can access these quotas by requesting the import registration permit from the Colombian Ministry of Trade, Industry, and Tourism. According to industry, imports are unlikely to happen in the upcoming months given current market conditions of large domestic inventories, high prices, and the strong U.S. dollar. It is expected rice imports will resume in May-June, just before the domestic peak harvest season starts. In CY 2022, imports are forecast to recover if local production decreases and local demand recovers. The graph below shows Colombian rice imports and market share by country since 2012.

Graph 3. Rice Imports by Country of Origin (Calendar years)



Source: Colombian Customs Authority (DIAN) – Trade Data Monitor.

Colombia does not export rice as Colombian rice is a higher cost than neighboring countries. However, there are milled rice trade flows into Venezuela via the common border, driven by the Venezuelan food shortage. Unofficial estimates indicate these milled rice trade flows into Venezuela are at 50,000 MT in MY 2020/21. If Venezuelan consumption at the common border persists, Colombian rice exports are forecast to reach 55,000 MT in MY 2021/22.

Stocks:

The Colombian government does not maintain a policy for holding grain stocks; however, on an ad hoc basis and mostly for rice, the Ministry of Agriculture and Rural Development offers financial storage incentives for producers and millers to hold inventories in order to regulate market prices. Ending stocks for MY 2020/21 dramatically increased from the year before to 613,000 MT of milled rice, due to increasing production and lower demand. In MY 2021/22, ending stock are forecast to decrease to 508,000 MT, assuming lower production and demand recovery.

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.

Due to current oversupply, Fedearroz and the Colombian Ministry of Agriculture and Rural Development are conducting producer campaigns to encourage decreased area planted to maintain

profitable producer prices and reduce large stocks after record seasonal production. The campaign's target is 520,000 ha area planted in the next year. However, this initiative has not been successful in the past, and area planted is usually larger than the government's goal.

Production, Supply and Demand Data Statistics:

Table 5. Production, Supply and Demand Estimates: Rice

Rice, Milled Market Year Begins	2019/2020		2020/2021		2021/2022	
	Apr 2019		Apr 2020		Apr 2021	
Colombia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	520	520	560	595	0	540
Beginning Stocks	371	371	393	393	0	613
Milled Production	1750	1750	1900	2010	0	1800
Rough Production	2574	2574	2794	2956	0	2647
Milling Rate (.9999)	6800	6800	6800	6800	0	6800
MY Imports	252	252	200	160	0	100
TY Imports	250	230	200	80	0	120
TY Imp. from U.S.	0	140	0	60	0	100
Total Supply	2373	2373	2493	2563	0	2513
MY Exports	40	40	50	50	0	55
TY Exports	40	40	50	50	0	55
Consumption and Residual	1940	1940	2030	1900	0	1950
Ending Stocks	393	393	413	613	0	508
Total Distribution	2373	2373	2493	2563	0	2513
Yield	5.0	5.0	5.0	5.0		4.9

(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 Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

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

Commodities:

Wheat

Production:

In MY 2021/22, wheat production is forecast to remain unchanged from the previous year at 5,000 MT with an estimated area harvested of 2,500 ha. Wheat planting is a minor rudimentary crop concentrated in two regions: Boyacá (75 percent) and Nariño (25 percent), where average yield is estimated at 2 MT/ha. Reductions in wheat area planted are small, but permanent, as the country has noncompetitive production systems and unfavorable climatic conditions for wheat cultivation. Domestic wheat production is primarily destined for wet milling and human consumption.

Consumption:

In MY 2021/22, wheat consumption is forecast to increase to 2.1 million MT, 2.4 percent higher than the previous year. Colombia's economic recovery after the COVID-19 pandemic is expected to have a positive effect on wheat consumption from the food and feed sectors.

In MY 2020/21, revised wheat consumption is estimated to decrease to 2.0 million MT, slightly lower than the previous estimate (-3.6 percent). Wheat consumption trends will likely parallel population growth with demand gradually increasing each year (2-3 percent); however, in 2020, the pandemic impacted the overall economy and FSI wheat consumption in Colombia. Despite a surge in wheat demand during the first part of 2020, in the second part of the year, demand decreased due to reduced household incomes given the economic contraction from the pandemic. According to a food security study conducted by the Colombian Department of Statistics (DANE), nearly 1 million households decreased food consumption from three meals per day to only two as a result of reduced incomes. Before the COVID-19 outbreak, 85 percent of Colombian households had three meals per day, while in October 2020, only 70 percent of Colombian households maintained food consumption at three daily meals.

In MY 2021/22, wheat feed consumption is forecast to recuperate to 150,000 MT as the animal feed industry recuperates to pre-COVID19 levels of growth. In MY 2020/21, revised wheat feed consumption estimates decreased to 100,000 MT as the animal feed industry did not import large quantities of wheat to supply their needs. The price-sensitive animal feed industry prefers lower-priced corn, the primary feed grain in Colombia.

Trade:

In MY 2021/22, wheat imports are forecast at 1.95 million MT to respond to the demand recovery from food, industrial and feed sectors. U.S. wheat is expected to maintain nearly 30 percent market share at 580,000 MT. Canada continues to be the primary supplier with a market share over 70 percent. Competition with Canada continues to be the most significant challenge to U.S. wheat.

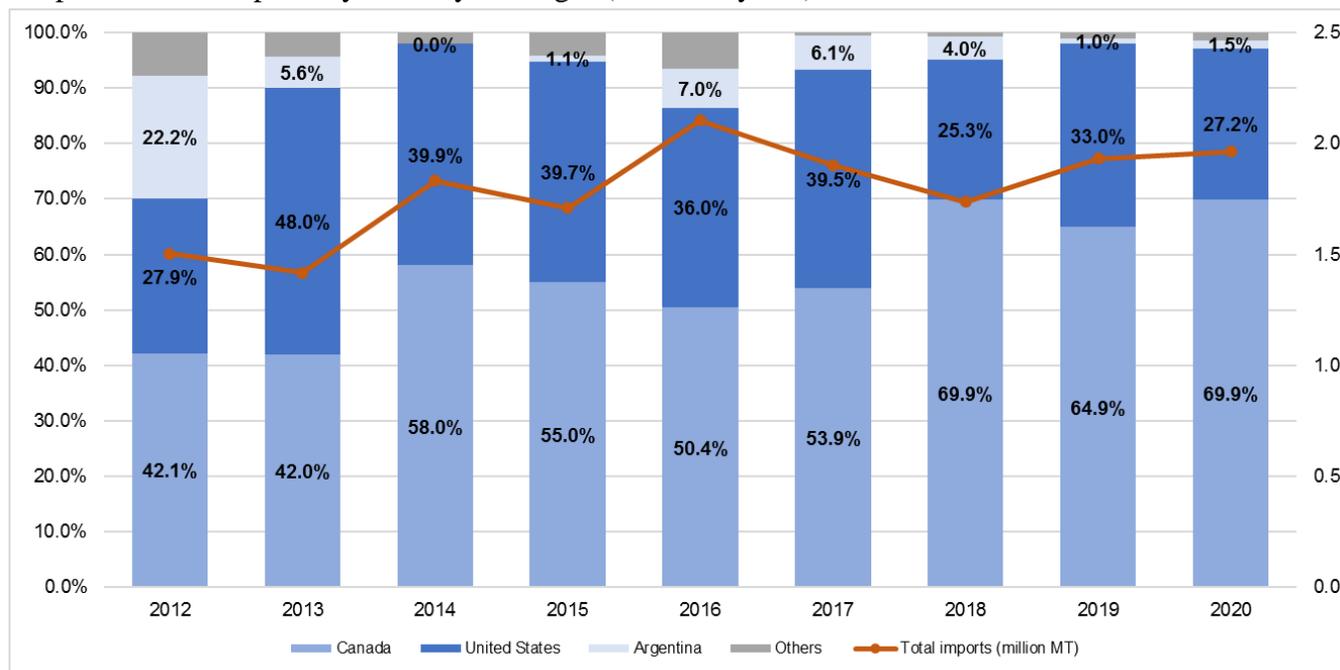
In MY 2020/21, total wheat imports are revised downward to 1.9 million MT based on trade data available to date. The decrease in imports is attributed to lower wheat demand due to economic contraction and the strong U.S. dollar against the Colombian peso. In MY 2019/20, U.S. imported wheat reached 37 percent market share due to its competitive price and U.S. marketing efforts. Currently, however, more affordable Canadian wheat negatively impacted U.S. wheat market share in Colombia.

Colombian millers primarily import Canada Western Red Spring Wheat (CWRS) due to its affordability and strong trade relationships with Canadian exporters given the Colombia-Canada Free Trade Agreement. Industry sources indicate that the homogeneous quality of CWRS is better suited to Colombian milling practices given minimal protein loss during milling.

There are approximately 60 importers of wheat; however, imports are concentrated (approximately 90 percent) among 25 importers. About 99 percent of Colombian wheat imports are wheat grain, and the remaining one percent is pasta.

The chart below illustrates the changes in market share and export volumes for the various wheat exporters to Colombia over the past calendar years:

Graph 4. Wheat Imports by Country of Origin (Calendar years)



Source: Colombian Customs Authority (DIAN) – Trade Data Monitor.

In MY 2021/22, wheat exports are forecast to increase to 30,000 MT if Venezuela’s demand for wheat flour maintains its current trend. Revised wheat export estimates for MY 2020/21 increased from 25,000 MT to 28,000 MT based on year to date trade data. Colombia exports wheat mainly as wheat

products such as pastry, pasta and wheat flour. The main destination for Colombian wheat flour is Venezuela, followed by Curacao. In 2020, Colombian wheat exports increased 30 percent motivated by higher exports of wheat flour to Venezuela and flour and pasta exports to Ecuador.

Stocks:

In MY 2021/22, ending stocks are forecast to decrease to 289,000 MT if consumption recovers and exports continue the upward trend. The feed and wheat milling industries maintain limited carry-over inventories of grains given the high cost of stocks due to deficient storage capacity throughout Colombia. According to the wheat millers association (Fedemol), wheat products have low margins but high rotation.

Policy:

The Colombian wheat milling industry is entirely supplied through imports. There are no government programs in place for wheat imports. Implementation of trade agreements with Canada and the United States have established favorable trade conditions with duty free imports and, to some extent, trade advantages over Mercosur wheat, whose fluctuating duties are subject to the APBS mechanism. The APBS price stabilization system is explained in the policy section for corn. Table 6 illustrates the annual floor and ceiling prices for wheat, effective from April 1, 2021:

Table 6. CAN Floor and Ceiling Prices for Wheat

<i>April 2021 to March 2022</i>		
<i>USD per ton</i>		
	Floor Price CIF	Ceiling Price CIF
Wheat	\$247	\$265

Source: Resolutions 2175/2020. 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 part of March 2021 is \$315/MT. Colombia currently has 15 trade agreements in force, most of which have zero duties for wheat.

In 2020, USDA awarded a Food for Progress program to be implemented in Colombia. The award consists of 91,350 MT of Hard Red Winter (HRW) wheat (12.0 percent protein) to be monetized in Colombia in 2021-2022 to fund a development program related to cacao production. The monetization plan will attempt to sell 80,000 MT in two tranches of approximately 40,000 MT each to be sold in April-May and October 2021.

Production, Supply and Demand Data Statistics:

Table 7. Production, Supply and Demand Estimates: Wheat

Wheat	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
Market Year Begins	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Colombia						
Area Harvested	3	3	3	3	0	3
Beginning Stocks	404	404	587	587	0	464
Production	6	6	5	5	0	5
MY Imports	2276	2276	1950	1900	0	1950
TY Imports	2276	2276	1950	1900	0	1950
TY Imp. from U.S.	857	857	0	500	0	580
Total Supply	2686	2686	2542	2492	0	2419
MY Exports	24	24	25	28	0	30
TY Exports	24	24	25	28	0	30
Feed and Residual	175	175	150	100	0	150
FSI Consumption	1900	1900	1925	1900	0	1950
Total Consumption	2075	2075	2075	2000	0	2100
Ending Stocks	587	587	442	464	0	289
Total Distribution	2686	2686	2542	2492	0	2419
Yield	2.0	2.0	1.7	1.7		1.7

(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 Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022

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

Attachments:

No Attachments