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## **Report Name:** Grain and Feed Update

**Country:** Colombia

**Post:** Bogota

**Report Category:** Grain and Feed

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### **Report Highlights:**

Adverse weather conditions and lower domestic prices will constrain Colombia's corn production in market year (MY) 2023/2024, which is estimated to remain flat at 1.5 million metric tons (MMT). In the current MY, Colombia's rice production will likely increase due to increased planted area stemming from high domestic prices. It is expected however that drought conditions from the El Niño weather phenomena will impact rice production in the upcoming year. Colombia's economy is projected to grow at a slower pace in 2023 and into 2024, restricting a more substantial growth in domestic grain demand. Wheat and corn import estimates in MY 2023/2024 remain mostly unchanged, while rice imports will likely decline year-on-year given higher local production. Exports of U.S. grains continue to face competition, especially from Brazilian corn and Canadian wheat due to competitive pricing.

## Commodities:

Corn

**Table 1. Corn: Production, Supply, and Distribution**

<b>Corn</b>	<b>2021/2022</b>		<b>2022/2023</b>		<b>2023/2024</b>	
<b>Market Year Begins</b>	<b>Oct 2021</b>		<b>Oct 2022</b>		<b>Oct 2023</b>	
<b>Colombia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested (1000 HA)</b>	390	390	380	380	390	380
<b>Beginning Stocks (1000 MT)</b>	307	307	398	398	297	397
<b>Production (1000 MT)</b>	1580	1580	1500	1500	1600	1500
<b>MY Imports (1000 MT)</b>	6512	6512	6000	6400	6500	6500
<b>TY Imports (1000 MT)</b>	6512	6512	6000	6400	6500	6500
<b>Total Supply (1000 MT)</b>	8399	8399	7898	8298	8397	8397
<b>MY Exports (1000 MT)</b>	1	1	1	1	0	1
<b>TY Exports (1000 MT)</b>	1	1	1	1	0	1
<b>Feed and Residual (1000 MT)</b>	6500	6500	6100	6350	6500	6500
<b>FSI Consumption (1000 MT)</b>	1500	1500	1500	1550	1550	1580
<b>Total Consumption (1000 MT)</b>	8000	8000	7600	7900	8050	8080
<b>Ending Stocks (1000 MT)</b>	398	398	297	397	347	316
<b>Total Distribution (1000 MT)</b>	8399	8399	7898	8298	8397	8397
<b>Yield (MT/HA)</b>	4.05	4.05	3.95	3.95	4.1026	3.95

Data source: FAS historical data series. Post estimates for 2023/2024.

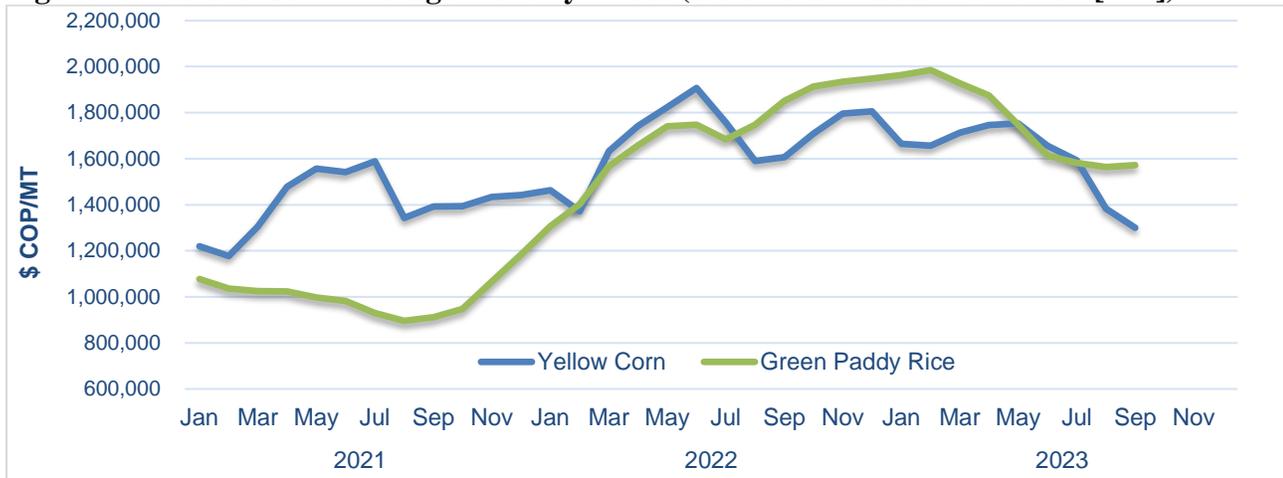
## Production

FAS Bogota (Post) revises market year 2023/2024 (October/September) Colombia corn production estimates lower to 1.5 MMT from an estimated harvested area of 380,000 hectares (ha) (Table 1). Reduced international corn prices and Colombian Peso appreciation have negatively impacted domestic corn prices, which will likely discourage farmers to increase corn acreages. The Colombian Institute of Meteorology indicated that the El Niño weather phenomena will emerge in the last quarter of 2023 and into early 2024, with forecasted higher temperatures and a 10-30 percent precipitation reduction from average rainfall. Fertilizer prices in Colombia have decreased since July 2022, with significant reductions in the second half of 2023<sup>1</sup>. Input price reduction may support increased fertilizer application rates which could compensate for any reduced productivity owing to adverse weather conditions.

Post anticipates no changes to the MY 2022/2023 Colombian corn production estimate of 1.5 million metric tons. In recent years, domestic corn production increases were driven by rice farmers, primarily located in Tolima and Meta departments who, motivated by higher prices, switched to corn. However, improved domestic prices have since surpassed corn prices, enticing farmers to change crops (Figure 1.)

<sup>1</sup> According to Colombia's National Department of Statistics (DANE), from January to August 2023, fertilizer prices have decreased on average 31.4 percent compared to the same period a year ago.

**Figure 1. Rice and Corn Average Monthly Prices (Colombian Pesos/Metric Ton [MT])**



**Data Source:** Colombian Association of Cereal and Legume Producers (Fenalce) for corn prices; National Federation of Colombian Rice Producers (Fedearroz) for rice.

In calendar year (CY) 2022, Colombia planted approximately 119,000 ha of genetically engineered (GE) corn, a 17 annual percent decrease, but still the second highest rate in its history after record 2021 figures (143,000 ha). According to Post sources, approximately 80 percent of Colombia’s total corn production utilizes modern, hybrid seeds with an average yield of 5.7 MT/ha planted across 55 percent of the total corn area. Conversely, traditional corn varieties are primarily used for household consumption and average 1.8 MT/ha in yield.

**Consumption**

In MY 2023/2024, Post revises corn consumption slightly lower following moderate increases to 2023-2024 economic growth estimates. According to the National Department of Statistics (DANE), in the first half of 2023, Colombia’s economy grew 1.7 percent year-on-year. The Organization for Economic Cooperation and Development (OECD) also projects Colombia’s economy will grow 1.2 and 1.7 percent for 2023 and 2024, respectively.

In addition, Post revises the MY 2022/2023 corn consumption estimate upward 3.9 percent to 7.9 MMT, as lower production costs have supported growth in the animal feed sector. In CY 2023, Colombian pork production is projected to increase 4-5 percent and poultry production 1-2 percent.

Feed demand developments typically determine grain feed imports to Colombia, as the majority of animal protein consumption relies on local production. According to National Business Association of Colombia (ANDI), the animal feed sector has reported an average annual growth of 5.2 percent in the last five years. The largest consumer in the animal feed industry continues to be the poultry sector, typically accounting for 65 percent of total feed imports. Colombia’s livestock and swine sectors consumes around 25 percent, and the remaining 10 percent devoted to aquaculture and the petfood industry. In addition, approximately 95 percent of corn imports are destined for animal feed, with the remaining 5 percent for human consumption, while local corn production is mostly utilized in the food processing sector.

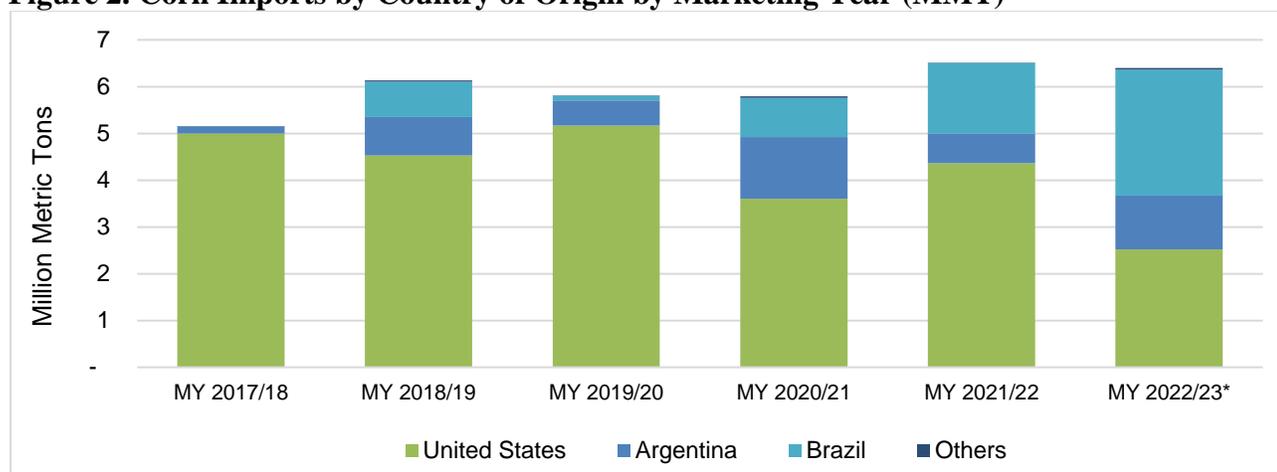
Historically, food and industrial use (FSI) corn consumption gradually increases each year. In MY 2023/2024, Post revises FSI corn consumption to grow slightly higher at 1.9 percent to 1.58 MMT, following a rebound in the Colombian economy and increases in purchasing power.

## Trade

In MY 2023/2024, total corn imports are forecast to remain unchanged at 6.5 MMT, a 1.6 percent increase year-on-year. In 2023 (January-August), U.S. corn exports to Colombia have totaled 2.18 MMT, a 24 percent decline from the corresponding 2022 period. U.S. corn might recover the Colombian market share to nearly 70 percent should Mercosur duties continue to be applied as per the downward trend of international corn prices. Colombia’s corn imports in MY 2022/2023 are revised higher to 6.4 MMT to reflect market realities. This increase is driven by higher demand from the animal feed industry due to better input prices following a drop in international corn prices and Colombian peso recovery.

Despite the out-of-quota duties ending in CY 2023 for yellow and white corn,<sup>2</sup> Colombian grain importers remain highly price-conscious and have currently shifted to South American-origin corn due to competitive pricing and preferential treatment granted to Mercosur countries, especially Argentina and Brazil through the Andean Price Band System (APBS). In MY 2022/2023, the U.S. corn market share in Colombia decreased from 67 percent in MY 2021/2022 to 39 percent, while Brazilian corn increased from 23 percent to 42 percent and Argentinian corn from 10 percent to 18 percent (Figure 2). In this period, Colombian importers purchased larger corn volumes from Brazil given projected record yields in 2023.<sup>3</sup>

**Figure 2. Corn Imports by Country of Origin by Marketing Year (MMT)**



**Data Source:** Trade Data Monitor.

**Note:** For MY 2022/2023, Post estimations based on local sources, official data unpublished as on date.

<sup>2</sup> All corn imported from the United States will enter duty free from 2023 and beyond based on the free trade agreement.

<sup>3</sup> In addition, U.S. drought conditions posed logistical difficulties shipping commodities on the Mississippi River.

## Stocks

Market year 2023/2024 ending stocks are forecast at 366,000 MT, an amount which would supply two weeks of operations. Colombian corn buyers usually maintain limited inventories given the high frequency of imports. The Colombian government does not maintain a policy for grain inventories.

## Policy

The Petro Administration has publicly promoted Colombia to become self-sufficient in agricultural production, particularly corn, to reduce dependence on imports and strengthen the economy. While there are no specific corn production policies in place, current Colombian government efforts prioritize land reform through land title and distribution to the populace.

In 2022, the Agricultural Rural Planning Unit (UPRA), a technical agency in the Ministry of Agriculture published its [Corn Planting Plan](#) that provides an analysis of the corn chain and defines a 20-year vision to grow the sector. According to UPRA, Colombia has 16 million ha of land suitable for corn production. However, systemic challenges, including lack of infrastructure, technology, and investment, are preventing Colombia from expanding corn production at a greater scale.

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 CAN economies, including corn (Table 2).<sup>4</sup> The U.S.-Colombia Trade Promotion Agreement (CTPA) excludes the application of the APBS mechanism to U.S. imports and instead applies a TRQ mechanism with out-of-quota duties.

**Table 2: CAN Floor and Ceiling Prices for Corn, April 2023-March 2024 (USD/MT)**

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

**Data source:** Resolution 2307/2022, CAN.

Since April 2023, given decreases in international prices, Mercosur duties on yellow corn and white corn have been in place at a base tariff of 15 percent rate since April 2023, given lower international process and that the reference prices have been within the floor and ceiling range. During most of 2021, 2022, and the first quarter of 2023, Mercosur duties for yellow and white corn were zero percent, as reference prices were higher than the ceiling reference value.

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<sup>4</sup> 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 referred as 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.

## Commodities:

Rice

**Table 3. Rice: Production, Supply and Distribution**

<b>Rice, Milled</b>	<b>2021/2022</b>		<b>2022/2023</b>		<b>2023/2024</b>	
<b>Market Year Begins</b>	<b>Apr 2021</b>		<b>Apr 2022</b>		<b>Apr 2023</b>	
<b>Colombia</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested</b> (1000 HA)	587	587	509	509	540	580
<b>Beginning Stocks</b> (1000 MT)	433	433	397	435	303	363
<b>Milled Production</b> (1000 MT)	2262	1950	1998	1750	2100	1980
<b>Rough Production</b> (1000 MT)	3326	2868	2938	2574	3088	2912
<b>Milling Rate (.9999)</b> (1000 MT)	6800	6800	6800	6800	6800	6800
<b>MY Imports</b> (1000 MT)	62	62	223	223	180	180
<b>TY Imports</b> (1000 MT)	187	187	180	180	180	180
<b>Total Supply</b> (1000 MT)	2757	2445	2618	2408	2583	2523
<b>MY Exports</b> (1000 MT)	60	60	65	65	65	65
<b>TY Exports</b> (1000 MT)	60	60	65	65	65	65
<b>Consumption and Residual</b> (1000 MT)	2300	1950	2250	1980	2250	2000
<b>Ending Stocks</b> (1000 MT)	397	435	303	363	268	458
<b>Total Distribution</b> (1000 MT)	2757	2445	2618	2408	2583	2523
<b>Yield (Rough)</b> (MT/HA)	5.67	4.89	5.77	5.06	5.72	5.02

**Data source:** FAS historical data series. Post estimates for 2023/2024.

**Note:** USDA's official rough production is expressed in green paddy rice for Colombia given the primarily source of information. FAS "New Post" is in milled rice, divided by 0.86 to be converted dry paddy rice basis.

## Production

Market year 2023/2024 (April-March) Colombia milled rice production is revised to 2 MT milled rice equivalent (MRE). This is driven by a 7.4 percent growth in planted area year-on-year and motivated by high domestic prices. According to the most recent DANE [rice survey](#), area planted increased 13.8 percent in the first half of 2023, with the Departments of Tolima and Casanare having the greatest increases.<sup>5</sup>

The Colombian Institute of Meteorology indicated that El Niño weather phenomena will result in reduced rainfall and impact Colombia's MY 2024/2025 rice planting season, as nearly 60 percent of local production is rain-fed.

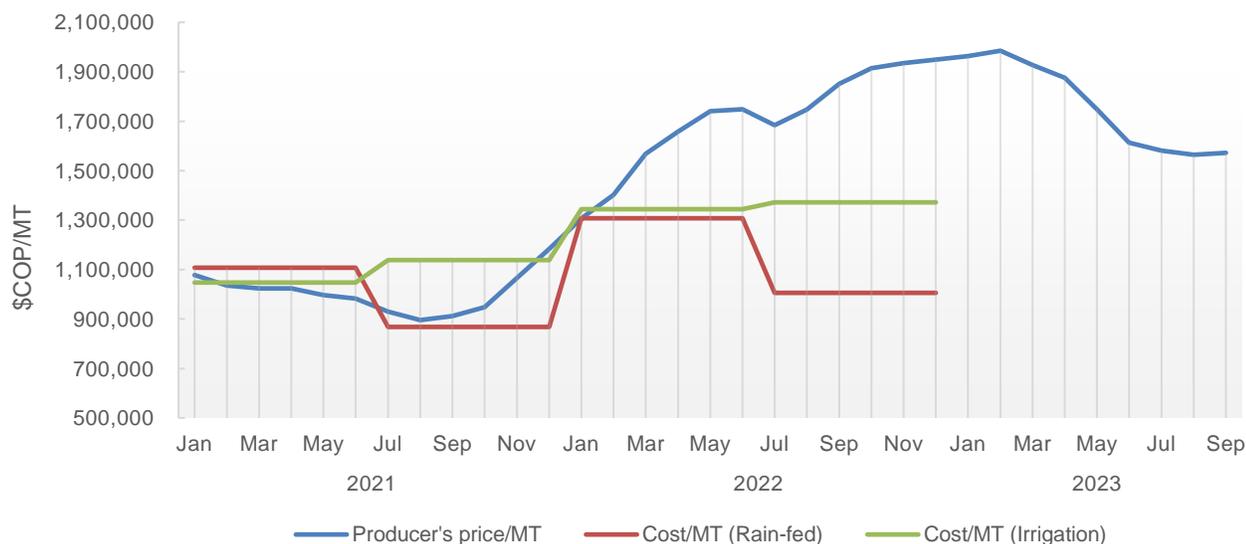
In MY 2022/2023, Colombian rice production is estimated at 1.8 MMT MRE. Despite the La Niña weather phenomena that caused flooding in the north coast and various central producing regions other rice regions have benefited from higher water availability.

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<sup>5</sup> Rice production in this region is harvested in the second half of 2023 but will face potential drought conditions due to El Niño weather phenomena.

Since January 2022, there is a positive difference between average local prices and production costs which has motivated farmers to increase rice acreage (Figure 3). Domestic rice prices paid to producers have increased due to lower supply (previous MY) and increased production costs. However, beginning late 2022, domestic fertilizer prices have fallen, with significant reductions into 2023.

**Figure 3. Domestic Rice Prices Paid vs. Production Costs per Irrigation System**



**Data Source:** Colombian Rice Growers Federation.

### Consumption

Post revises MY 2023/2024, milled rice consumption slightly higher 1 percent year-on-year to 2 MMT following reports of positive economic growth which is projected at 1.2 percent in 2023.<sup>6</sup>

Rice is among the key staple foods in Colombia, with a higher per capita consumption (43 kilograms [kg]) compared to neighboring countries. However, consumption differs between rural and urban areas, totaling 49 kg and 41 kg, respectively.<sup>7</sup>

Rice is mainly sold in smaller 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 the public procurement processes.

### Trade

For MY 2023/2024, Colombian rice imports are forecast to remain unchanged at 180,000 MT, 19 percent lower year-on-year. From January-July 2023, rice imports have decreased 18 percent accounting for high U.S.-origin rice prices, reduced availability from Andean community suppliers, and larger local

<sup>6</sup> Source: OECD

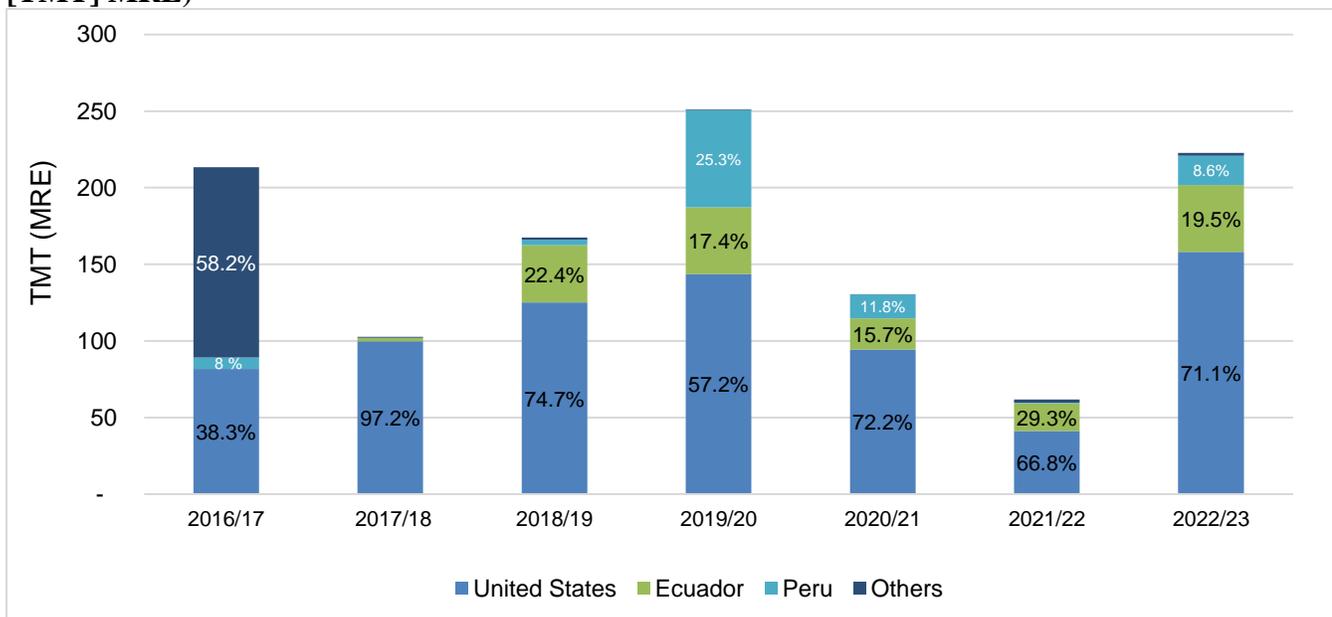
<sup>7</sup> According to the Rice Millers Association, per capita rice consumption decreases as income increases in Colombia.

production. In MY 2022/2023, Post estimates rice imports at 223,000 MT, reflecting market realities (Figure 4).

The calendar year (CY) 2023 CTPA TRQ for U.S. rice is 128,205 metric tons, and the out-of-quota duty is at 43.1 percent. These duties will phase out by 2023. The first Colombia Rice Export Quota (COL-RICE) TRQ 2023 auctions under the CTPA were fully subscribed, whereas the second auction conducted in June 2023 was not fully allocated due to high U.S. rice prices. However, the third October rice auction was fully subscribed which mostly supplied Colombia’s north coast.

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

**Figure 4. Rice Imports by Country of Origin and Percent Share (MY, Thousand Metric Tons [TMT] MRE)**



**Data Source:** Trade Data Monitor.

Colombia, Ecuador, Peru, and Bolivia (CAN members) are assessed a zero-tariff duty. Colombia eliminated restrictions on imports of milled rice from Ecuador in 2023, as with Peru in 2022. After 13 years, in October 2023, the Court of Justice of the Andean Community determined that Colombia has complied with the CAN agreements on rice trade, eliminating a trade remedy instrument that allowed countries to take retaliatory measures in case Colombia did not comply with free trade agreements for rice.

Rice imports outside of the CAN quotas are not allowed, and there are no out-of-quota tariffs. Imported CAN-origin rice is allowed to enter Colombia only from January 1-June 30 and from November 15-December 31 each calendar year.<sup>8</sup> The United States is projected to continue as the main rice supplier to

<sup>8</sup> These import periods were established to protect Colombian producers during Colombia’s harvest season, similar to the COL-RICE auction schedule.

Colombia. Ecuador and Peru-origin rice are imported into Colombia by land to supply primarily the southwest market region.

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 shortages. In the current MY, rice exports to Venezuela are forecast to remain unchanged at 65,000 MT, as Colombia production will remain prioritized to supply the domestic demand.

## **Stocks**

Market year 2023/2024 ending stocks are revised higher to 458,000 MT as local production is expected to increase, and industry may hold larger inventories to prevent shortages should El Niño drought conditions impact next season. The Government of Colombia does not maintain policies for maintaining grain stocks. However, primarily for rice, the Ministry of Agriculture and Rural Development offers financial storage incentives for producers and millers to hold certain inventories, on an ad hoc basis, to regulate market prices.

## **Policy**

In July 2023, the Ministry of Agriculture issued a resolution to provide financial storage incentives valued at \$25 billion Colombian pesos (approximately USD \$6 million).<sup>9</sup> This is the first instance that rice producers could access the financial storage incentive, while excluding the rice milling industry to participate in the program. The resolution will be in effect until December 31, 2023, or until financial resources are allocated.

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<sup>9</sup> Source. Ministry of Agriculture and Rural Development, Government of Colombia; [Resolution 232](#), Published July 24, 2023.

## Commodities:

Wheat

**Table 4. Wheat: Production, Supply and Distribution**

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	3	2
Beginning Stocks (1000 MT)	471	471	422	422	433	422
Production (1000 MT)	6	6	6	5	6	4
MY Imports (1000 MT)	2040	2040	2047	2037	1900	2050
TY Imports (1000 MT)	2040	2040	2047	2037	1900	2050
Total Supply (1000 MT)	2517	2517	2475	2464	2339	2476
MY Exports (1000 MT)	20	20	22	22	25	25
TY Exports (1000 MT)	20	20	22	22	25	25
Feed and Residual (1000 MT)	125	125	120	120	125	120
FSI Consumption (1000 MT)	1950	1950	1900	1900	1800	1900
Total Consumption (1000 MT)	2075	2075	2020	2020	1925	2020
Ending Stocks (1000 MT)	422	422	433	422	389	431
Total Distribution (1000 MT)	2517	2517	2475	2464	2339	2476
Yield (MT/HA)	2.0	2.0	2.0	1.67	2.0	2.0

Data Source: FAS historical data series. Post estimates for 2023/2024.

### Production

Post revises MY (July-June) 2023/2024 wheat production lower to 4,000 MT with an estimated harvested area of 2,000 hectares. Wheat area planted reductions continue as Colombia has non-competitive production systems and unfavorable climatic conditions for large-scale wheat cultivation. Wheat farmers are moving to produce barley for the brewing industry. Colombia primarily produces soft wheat, grown in two high-altitude regions, Nariño, and Boyacá, that maintain favorable climatic conditions for wheat production. Domestic wheat production is primarily utilized for wet milling and the preparation of traditional Colombian dishes.

### Consumption

For MY 2023/2024, wheat consumption is revised to 2 MMT of wheat grain equivalent (WGE) a 5 percent increase year-on-year. Consumption is projected to remain flat compared to the previous MY as new taxes and warning labels on certain processed food products containing wheat (e.g., cookies and pastries) are estimated to impact overall wheat consumption, despite economic growth improvements.

Post's wheat consumption estimate for MY 2022/2023 remains unchanged at 2 MMT, reflecting market realities and the Colombian wheat milling industry's total dependence on imports. Feed wheat consumption represents nearly 5 percent of total wheat consumption as the animal feed industry prefers

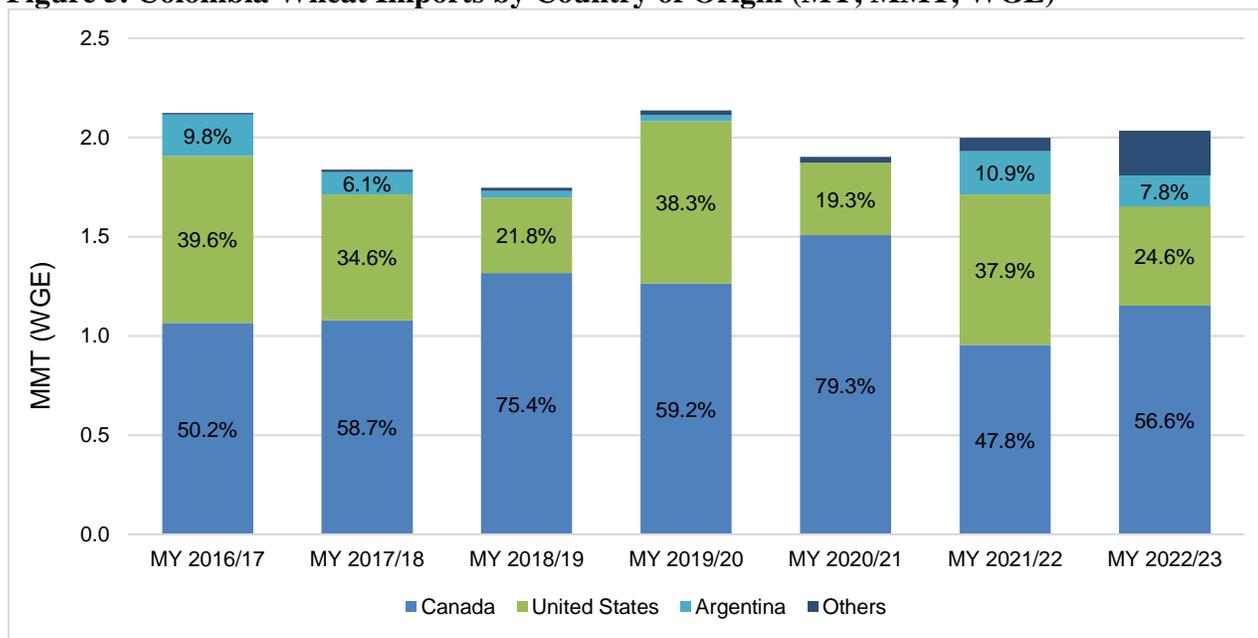
corn and soybean meal to supply their needs. Colombia imports feed wheat only when wheat prices are competitive.

## Trade

Post revises MY 2023/2024 wheat imports to 2 MMT, in-line with the previous market year. Local consumption is projected to remain unchanged as new taxes on some wheat products joined with slow Colombia’s economic growth will prevent substantial increases in imports.

For MY 2023/2024, total wheat imports are project higher at 2 MMT, reflecting current trade data and market trends, with Canada and the United States as main suppliers. According to Post sources, from January-July 2023, Colombia has imported mostly Canadian-origin Western Red Spring and Prairie Spring Red wheat due to price competitiveness that has benefited the wheat flour industry. Major U.S. wheat varieties imported in 2023 have included Soft Red Winter and Hard Red Winter (HRW). Colombia occasionally imports wheat from Mercosur countries (Figure 5).

**Figure 5. Colombia Wheat Imports by Country of Origin (MY, MMT, WGE)**



**Data Source:** Trade Data Monitor.

There are approximately 60 wheat importers in Colombia. Given its strong milling industry, 99 percent of Colombia’s wheat imports are raw wheat grains intended for processing, with the remaining 1 percent comprised of pastas and other wheat products.

Colombia MY 2023/2024 wheat exports remain unchanged 25,000 MT, 14 higher year-on-year. The increase is driven by rising sales to Venezuela, which has experienced modest economic gains in the past year and increased consumption of pasta products. Venezuela is typically the primary destination for Colombian wheat products. Market year 2022/2023 wheat exports are estimated at 22,000 MT that reflects market realities. Colombia mainly exports wheat flour, which represented 74 percent of total wheat exports.

## Stocks

Ending stocks in the current MY estimated at 431,000 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 products for two-months of operations.

## Policy

Colombia has 15 trade agreements in force, most of which have zero percent duties for wheat, including Canada and the United States. Implementation of trade agreements with Canada and the United States have favorable trade conditions established with duty-free wheat imports. Mercosur wheat is subject to the APBS mechanism (Table 5).<sup>10</sup>

**Table 5. CAN Wheat Floor and Ceiling Prices April 2023 to March 2024 (USD/MT)<sup>11</sup>**

Floor Price CIF	Ceiling Price CIF
\$307	\$379

**Data Source:** Resolutions 2307/2022, CAN.

The Petro Administration has actively committed to expanding the implementation of nutrition policies in Colombia, including passing “healthy taxes” for ultra-processed foods. In December 2022, Law 2277 was issued by the Colombian Congress, establishing taxes for sugar drinks and processed food high in sodium, added sugars, and fats, which will come into force in November 2023 with an initial rate of 10 percent and annual 20 percent increases by January 2025. This regulation will apply to cookies and pastry products that exceed government established thresholds. Bread is excluded.

## Attachments:

No Attachments

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<sup>10</sup> See: Corn section.

<sup>11</sup> The reference price is the biweekly average of daily, weekly, or monthly quotations observed in the referential markets (FOB Gulf based on the Kansas Board of Trade first position for Hard Red Winter Wheat). 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 biweekly CIF reference prices.