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Colombia

Grain and Feed

River Transportation for Grains

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Report Highlights:

Development of river transportation from the Caribbean ports of Colombia has the potential to significantly reduce the cost of US grain imports, increasing demand and improving the competitive position of US grains relative to other suppliers.

FAS/Bogota and the Ministry of Transportation, with the support of the US Grains Council and US Wheat Associates organized an international conference on river transportation on March 17 and 18.

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

River Transportation for Grains in Colombia

The Colombian Government has placed a high priority on revitalizing use of the Magdalena River for transporting bulk commodities and containers. The Magdalena River was traditionally the main transportation route from the Caribbean ports into the center of Colombia, but use of the river declined after the introduction of rail and truck transportation. In recent years, neglect of the rail system led to an almost total dependence on relatively expensive road transportation.

Local contacts estimate that using river transportation can reduce the cost of shipping grains into the major inland markets by 30 to 50 percent. Transporting grain into major markets by truck currently costs between US\$15 and \$30 per ton. River transportation of grains is still under development, with corn shipments to Barrancabermeja (close to the major poultry region of Bucaramanga) the major destination.

As river transportation further develops, we expect to see additional shipments of wheat into the major inland markets, significantly reducing the current costs of shipping wheat from US gulf ports to Colombia via the Panama Canal and Pacific ports. We also expect to see greater purchases of US wheat (currently just over 50 percent of the 1.2 million ton market) relative to Canadian wheat entering through the Pacific ports.

Transportation Seminar: The US Embassy in Bogota and the Ministry of Transportation, with the support of the US Grains Council and US Wheat Associates, organized an international seminar and business meeting on river transportation in Cartagena, Colombia on March 17 and 18, 2003. The seminar included presentations on the current development of river transportation in Colombia and the experience of other countries in river transport. The business meetings on the second day brought together government officials and private companies interested in developing and using river transportation. Over 200 participants from Colombia, the US and neighboring countries attended the event, which included barge companies, port organizations, financial institutions, grain companies, government officials and other organizations.

Previous Development Work: The initial impetus for developing grain transportation on the Magdalena River came as the result of a feasibility study financed by the American Soybean Association in 1997 and followup work done by the US Grains Council. The main barge company currently moving grain on the Magdalena River credits these efforts with creating interest in grain transportation. The company currently has 80 barges transporting petroleum from an oil refinery in Barancabermeja, approximately 400 miles from the ports of Cartagena and Barranquilla and has thus far converted 6 barges to transport grain back up river.

Ongoing Activities: FAS/Bogota plans to continue working with representatives of the US grain industry, and the Colombian government and industry to develop grain transportation on the Magdalena River. Discussions are currently underway with Colombian financial institutions on the feasibility of using the USDA's Facility Credit Guarantee Program to finance development of grain handling infrastructure at the ports and on the Magdalena River. Post also plans to arrange followup meetings between grain importers/purchasers, the main ports, barge transportation companies and financial institutions to further promote further cooperation in this area.