

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Voluntary - Public

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Colombia

Post: Bogota

Colombia and Venezuela Expected to Re-establish Agricultural Trade

Report Categories:

Trade Policy Incident Report

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Report Highlights:

As a result of an August 13 meeting between the two heads of state, Colombia and Venezuela announced their intention to normalize trade between the two countries, which was halted unilaterally by the Venezuelan Government in July 2009. The trade disruption has not had a negative impact on Colombia-United States agricultural trade.

General Information:

The suspension of Colombia-Venezuela agricultural trade has had only a minor impact on U.S. agricultural exports to Colombia. Surprisingly, Venezuela became the second largest market for U.S. agricultural products displacing Colombia to the third place, while traditionally Colombia had been the second largest market for U.S. agricultural products after Mexico in Latin America.

Venezuela was a member of the Andean Community until 2006, but under the agreement, preferences for Colombian products will continue only through April 2011. Under these preferences, Colombian agricultural products enter Venezuela at zero duty. If trade between the two countries resumes, then after April 2011 it will be necessary to have a new trade agreement in place that grants a preferential duty treatment for their bilateral trade.

Colombia's agricultural exports to Venezuela peaked in 2008 to \$1.2 billion after reaching \$753 million in 2007. In 2009, Colombia exports valued \$829 million. The agricultural trade figures show that the trade disruption in 2009 has not even reduced exports to levels prior to 2007. Furthermore, and according with the data available, it is unclear and unlikely that the Colombia trade disruption with Venezuela has impacted U.S. agricultural product exports to Colombia.

Colombian agricultural exports to Venezuela are highly concentrated among few products. Seventy percent of the total exports are made up of beef and poultry meat. In 2009, Colombian Exports of beef to Venezuela declined 90% between 2008 and 2009, by approximately \$165 million, with poultry meat declining in a similar manner by \$10 million.