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Post: Bogota

Port of Buenaventura Not Prepared for US-Colaibia FTA

Report Categories:
Trade Policy Incident Report

Approved By:
Elizabeth Mello, Agricultural Attaché

Prepared By:
Juan Sebastian Diaz, Agricultural Specialist

Report Highlights:
The Port of Buenaventura is Colombia’s largest Port. The entry into force of the FTA agreement with the US on May 15 requires that the port increase its productivity and efficiency, and it is unclear if the port’s infrastructure will be able to handle the demand that will be upon them in the coming days. The port’s administration and the Colombian Government will need to address how they will get the port up to speed, or Colombia’s Atlantic ports will take a larger share of the country’s trade.
General Information:
The port of Buenaventura receives approximately 65% of imported agricultural goods in Colombia. The Port has four port operators that have been granted concessions by the government for 20 years: The Regional Port Authority of Buenaventura (SPRBUN), Associated Cement Port Association (CEMAS), Pier Group Port 13, and the Container Terminal (TC/Buen).

Buenaventura’s port has shown progress under its private sector administration. The port has modernized its systems and has improved the efficiency level reducing timeouts. However, although the administration was delegated to private companies, Colombian authorities’ intervention is necessary in areas that require improvement such as infrastructure and port equipment.

Port Capabilities

Storage capacity for commodities in bulk is around 342,000 MT including a new compound of 40,000 MT built by OPP Graneles which will be finished by the end of September 2012.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>Storage Capability (MT)</th>
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<tbody>
<tr>
<td>OPP GRANELES</td>
<td>180,000</td>
</tr>
<tr>
<td>ALMAGRARIO</td>
<td>32,000</td>
</tr>
<tr>
<td>CEMAS</td>
<td>48,000</td>
</tr>
<tr>
<td>CIAMSA</td>
<td>24,000</td>
</tr>
<tr>
<td>ALPOPULAR</td>
<td>12,000</td>
</tr>
<tr>
<td>GRUPO PORTUARIO (Muelle 13)</td>
<td>30,000</td>
</tr>
<tr>
<td>ITALCOL</td>
<td>16,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>342,000</td>
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Buenaventura’s efficiency is low compared with other ports in Latin America. For instance, in Veracruz, Mexico and Puerto Quetzal in Guatemala the rate of daily discharge is 12,000 MT per day, whereas Colombian ports on average is 5,000 MT per day.

Port Authorities

Port operations at Buenaventura are supported by the following Colombian authorities: Direction of Taxes and Customs- DIAN, Agricultural and Livestock Institute- ICA, National Institute for Drug and Food Control – INVIMA and the Fiscal and Customs Police. The agencies do not perform simultaneous inspections, causing an increase in delays. Minimum delays due to inspections are considered 15 hours between the examination request and the earliest the examination conducted. In addition, Colombian authorities usually cancel their activities during rainy day, which also increases delays. This situation is common at Buenaventura’s port taking into consideration that Buenaventura has a total precipitation above 7,600 millimeters (300 inches) per year.

The FTA is an opportunity for the port authorities to improve. They are planning to include a single electronic window where the importer enters the data to an electronic platform, and this one distributes
the information to the specific authorities. This system will eliminate the need to make multiple trips to submit documents at the port authorities’ office and reduce payment of service fees at banks.

**Dredging of the Channel**

Buenaventura’s access channel depth limits the entry of a significant number of large vessels to the port; this situation affects directly the economies of scale for importers and the logistics at port. The port has signed a contract to realize an advance maintenance dredging to 13.5 m depth in the external channel, and a maintenance dredging to 12.5 meters depth in the internal channel (see figure 1). However, the dredging is not enough for the post Panamax vessels that will require a depth between 15 and 16 meters, once the Panama Channel expands its locks in 2015.

![Figure 1. Map of the dredging activities at Buenaventura’s port (Regional Port Authority of Buenaventura (SPRBUN))](image)

**Port roads**

![Port roads map](image)

The main constraint for the flow of goods is the port’s access. Currently there is only one road to the port which is in poor condition. This situation has increased transportation time and costs to Bogota,
Cali and Medellin. During rainy season the road is affected with mudslides at various points on the highway, increasing delays and causing freight costs to almost three times ocean freight costs.

The Colombian Government allocated $780 million for the first section of the road between Buenaventura and Buga (see map). Unfortunately, environmental licenses are still unapproved by the Ministry of Environment affecting the continuity of the construction.