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Supply and Transactions Costs in Food Markets of Colombian Cities

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Abstract
In this paper, we explore the degree of market integration for a set of agricultural food products in Colombia. We estimate a measure of transaction costs across wholesale markets using a Threshold Autoregressive (TAR) model. We focus on studying the exchange of rice, onion, potato, yucca, plantain, and red beans between potential regions of production and Bogotá, Medellín, and Cali. Also, we describe the structure of the supply networks for these goods. Our results suggest that there is market integration, with an average half-life of shocks to price differentials of three weeks. A few regions in the country produce large shares of total supply in the three main cities; this market concentration is particularly strong for the least perishable products, such as potatoes and rice. Nonetheless, there are substantial transaction costs that reach, on average, 42 percent of prices in source markets.

Fuente: https://www.banrep.gov.co/en/supply-and-transactions-costs-food-markets-colombian-cities