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Colombia

Retail Food Sector

Annual

2008

Approved by:

R.Todd Drennan, Agricultural Attache
U.S.Embassy

Prepared by:

Alicia de Jacobs, Marketing Specialist

Report Highlights:

Colombia is the largest U.S. food and agricultural market in Central and South America. Total Colombian food and agricultural import value in 2007 was 3.5 billion and the United States accounted for 1.2 billion. Colombian's supermarket sector is one of the most modern in Latin America with sales of over \$5.9 billion in 2006, of which \$4 billion was in food products.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Bogota [CO1]
[CO]

I. Executive Summary

In 2007, total Colombian food and agricultural imports were valued at \$3.5 billion of which the United States accounted for 34 percent or \$1.2 billion of the total, continuing to make Colombia our second largest export market in Latin America and the Caribbean. Agricultural imports from the United States increased 20.5 percent or \$140 million in 2006, although grains represented close to two thirds of imports from the United States, the demand for processed food and other high-value food products has steadily increased over the past three years. Colombian imports of consumer-ready products grew 16.5 percent in 2006 led by U.S. sales which grew 19.5 percent from \$65.3 million to \$78.0 million.

Colombia's domestic demand and household consumption have grown steadily over the last three years. The remarkably young population living in urban areas has developed new taste and preferences and is more health-conscious and selective. The growing percentage of women in the workforce has increased the use of fast food restaurants and the demand for new high-value added products. Economic realities and current consumer trends indicate that buying decisions are primarily made based on quality, price and after-sale service.

The retail sector in Colombia is one of the most modern in Latin America, with estimated sales of \$4.0 billion in food products. Despite significant growth, fierce competition is a steady characteristic of Colombia's retail sector. Consumers have benefited from a "price war" among competitors.

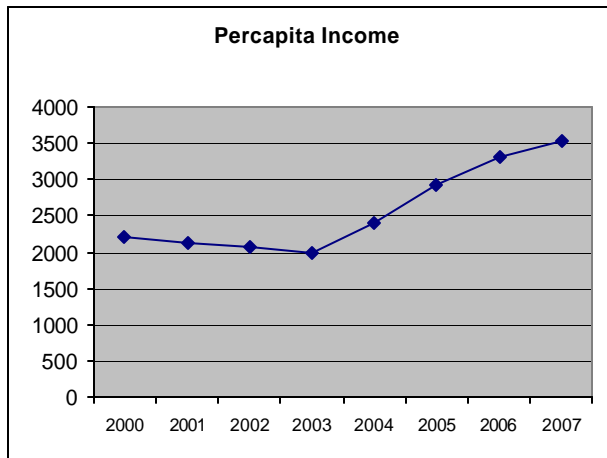
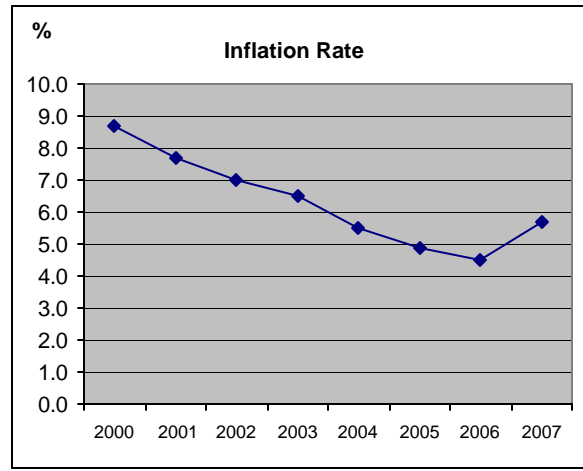
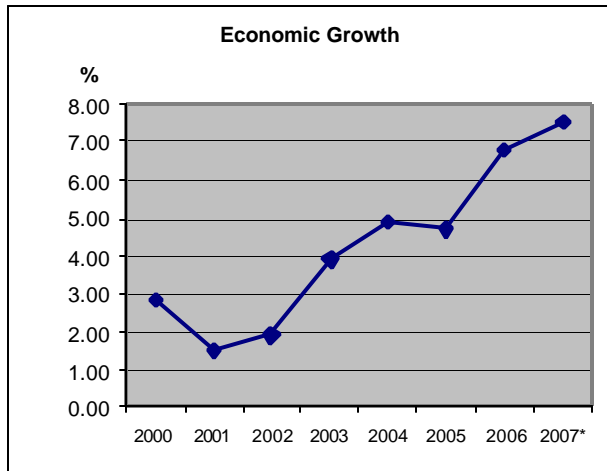
The main hyper/supermarkets in Colombia are: Almacenes Exito, Carulla-Vivero, Carrefour, Supertendencias Olimpica, Alkosto, Makro, Cafam and Colsubsidio. There was an important change in this sector and that was the purchase of 77.6% of Carulla – Vivero by Almacenes Exito. Casino is the main stockholder of Almacenes Exito, holding 62 percent of the company's shares. Among the bidders for the purchase of Carulla-Vivero were Cencosud, Wal-Mart and Carrefour. There are other world-class hypermarkets, such as Makro and Carrefour in Colombia with Carrefour being the principal competitor of Almacenes Exito. Makro, a Dutch wholesales was not successful with its original format of catering institutional sales. After changing administration, Makro now offers new services such as a Makro credit card, quality and variety products. Also, opening its doors to the general public contributed to its recovery, making Makro the 4th largest retailer in sales and the number one supplier to the food service sector in the country. Its sales are estimated at 70% to food service and 30% to the general public. Supertendencias Olimpica, a hundred percent Colombian retailer, has become competitive and is considered the number three in sales and number one in number of stores.

Despite rapid modernization in the retail food sector, traditional Mom and Pop stores and gas marts continue to consolidate as one of the most important distribution channels in the country. They represent 50% of the retail food market. The high percentage of sales in small stores is the result of specific consumer needs. Convenience, credit availability, and a need to make small daily purchases are factors for their success. The mom and pop stores service mostly middle and lower-income consumers. The gas marts service all income level customers. Some mom and pop stores are expanding into small supermarkets like stores that are effectively competing with supermarket chains.

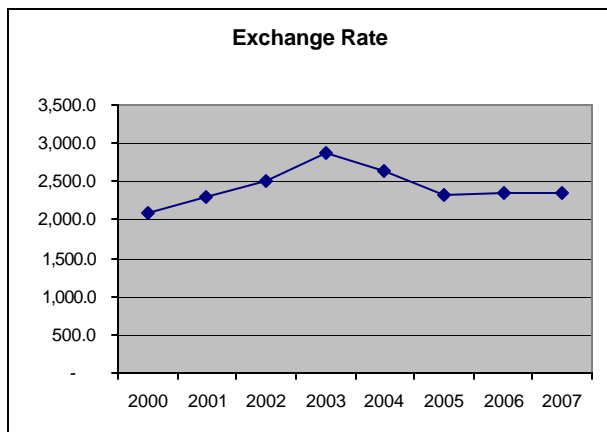
The outlook for 2008 retail sector is optimistic. Additional factors are expected to contribute to further expansion of the retail food market. Market leaders are investing in construction of new modern shopping centers with their own name. Carrefour continues opening shopping malls in Cali and Medellin with estimated investment of \$148.5 millions. The new malls will have hypermarkets, cinemas, recreation areas and food courts. Sale areas will range between 6,000 and 12,000 sq meters- that offer a complete variety of products and fulfill the

increasing demand for one-stop shopping. FENALCO, Consumers National Federation, indicates that 18% of retail food sales are done in shopping malls. Investment also includes state-of-the-art technology, tailored logistics, such as on-line purchases to save consumers time and money, remodeling and improvement of service areas.

II. ECONOMIC OUTLOOK



- Signs of continued economic growth are evident in Colombia. The Colombian economy posted a remarkable 7.5 percent growth in 2007. Projections are for 5.0 percent growth in 2008.
- The Colombian peso revalued by 10.0 percent in 2007 and 2.0 percent in 2006. So far this year, the peso revaluation is well beyond expectations raising some. It is expected to reach 4.4 percent in 2008.
- The target for the 2008 is 5.0 percent GDP growth, an inflation rate of 4.5-5.5 percent, and a 10 percent unemployment rate, given high international commodity prices.
- Private and public investments are projected to maintain their dynamic growth as security continues to improve.

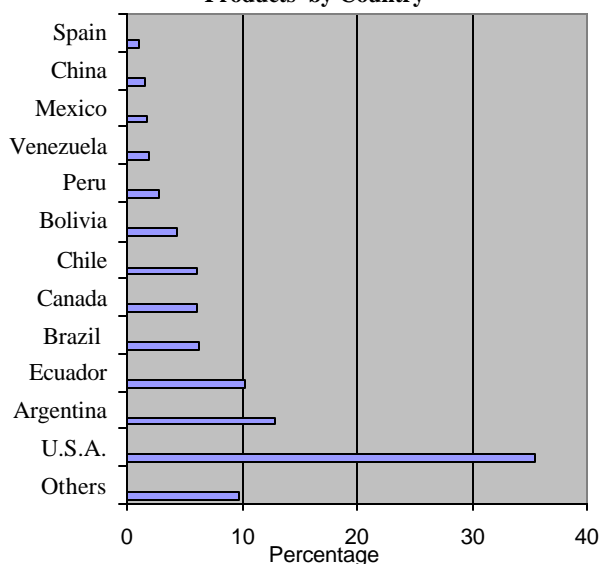


Source: DANE, DNP * estimate

Colombian Food Industry

- The food industry is one of the largest and most vital sectors in the economy, accounting for 28 percent of industrial production and 22 percent of total employment.
- The industry has state-of-the-art technology and modern communications.
- Colombia is a major producer of many intermediate and consumer-ready categories, such as sauces and spices, dairy products, breakfast cereals, confectioneries, baked goods, poultry feed, pet food, vegetable oils and margarines.
- Some domestic food manufacturers import products from foreign affiliates and label the product with their brand own name.
- The number of store-brand products is increasing very rapidly. Supermarkets currently have more than 2,000 of these products on their shelves.
- Colombia has one of the fastest growth rates in using store-brand products (30%) in Latin America.
- Store-brand products have a strong presence in processed food products and pet food categories.
- The Colombian food-processing sector depends heavily on imports of ingredients like spices, dry mixes for sauces, modifiers, preservatives, enhancers, flavorings and thickeners.

2006-Colombian Imports of Food & Agricultural Products by Country



- Colombia is the largest market for U.S. food and agricultural products in Central and South America, and a gateway to other Latin American markets.
- In 2007, total food and agricultural imports were valued at \$3.5 billion. The United States accounted for 34 percent equivalent to \$1.2 billion
- Argentina, Ecuador, Brazil and Canada are major U.S. competitors.

Source: World Trade Atlas

**Colombian Food and Agricultural Imports from the United States
2004-2006
Millions of US Dollars**

HS	Product	2004	2005	2006	Growth	
					Rate 06/05	Import Duty
02	Meat and Edible Meat Offals, porkMeat	4.6	7.4	5.7	-24.1	20-80% (1)(2)(3)
03	Fish And Seafood	0.6	0.9	1.2	38.5	20%
04	Dairy,Eggs,Honey,Etc	1.8	3.9	2.9	-25.6	5-15-20%
05	Products of Animal Origin	1.7	2.1	2.3	14.6	10-70% (1)(3)
06	Live Trees and Plants,Bulbs, Roots, Cut flowers	2.7	2.2	1.9	-10.5	5-10%
07	Vegetables	1.6	2.3	2.4	4.3	15-60%(4)
08	Edible Fruit and Nuts	8.4	14.1	14.2	1.4	15%
09	Spices,Coffee And Tea	0.2	0.3	0.6	78.3	10-15-20%
10	Grains	423.7	433.7	497.0	14.7	15-80(5)
11	Milling;Malt;Starch, wheat gluten	0.3	0.4	0.4	-0.2	20%(6)
12	Misc Grain,Seed,Fruit,soybenas	47.6	55.0	78.0	41.8	5-10-15%
13	Lac, Gums, Resins;Vegetable Saps/Extracts	5.1	5.0	5.1	2.9	5-15%
15	Animal /vegetable Fats And Oils	15.6	13.8	11.3	-18.6	15-20%
16	Prepared Meat,Fish,Etc	4.7	10.7	11.9	10.9	20%
17	Sugars and Confectionary Products	3.9	4.9	7.0	44.5	20%
18	Cocoa and Cocoa Preparations	1.3	1.5	1.9	26.9	15-20%
19	Cereal Prep., Flour, Starches/Bakery Products	3.8	2.4	4.3	82.1	20%/15%
20	Preserved Food	4.8	5.5	7.4	34.7	20%
21	Miscellaneous Edible Preparations	18.5	21.2	31.5	48.1	10-15-20%
22	Beverages, Spirits & Vinegar	0.9	1.6	2.6	59.4	15-20%
23	Pet Food, Residues & Waste from Food Industries	74.3	91.2	131.3	43.9	15-20%(7)
52	Cotton, Cotton yarn / Fabrics	96.4	106.2	130.4	22.8	10-15-20%

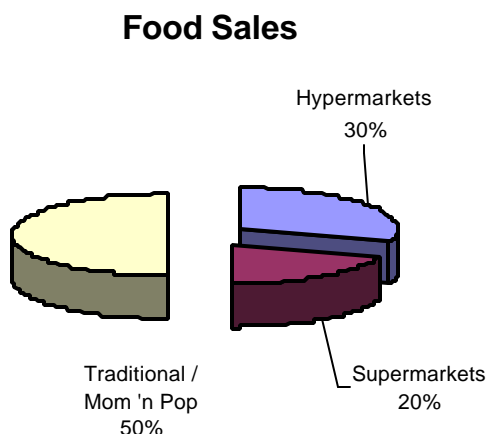
- (1) Import quota for Mercosur of 3200 tons for bovine offals per year pays 20% import duty
 - (2) Mercosur 3800 tons for bovine meat per year 20%
 - (3) Different from Mercosur 599 tons for bovine offals and 87 tons of bovine meat
 - (4) 60% import duty on dry beans.
 - (5) Import quota of 75,118 tons for paddy rice. 80% import duty on out-of quota except for sushi rice, which is set at 20%.
 - (6) 15% Import duty on barley malt, (7) 20% Import duty on Pet Food
- Source:World Trade Atlas, Colombian Harmonized Tariff Schedule

Main U.S. Food Product Exports –2006

Description	Products	US\$ Millions
02	Pork, fresh or frozen, offals, pig and poultry fat	5.6
04	Dairy, eggs, honey, whey, cheese and curd	2.9
07	Vegetable	2.3
08	Edible fruits and nuts	14.0
15	Fats and oils	11.0
16	Prepared meat, fish, deboned chicken	11.8
17	Sugars	7.03
18	Cocoa, chocolate bars,	1.8
19	Baking related products	4.2
20	Preserved foods	7.4
21	Miscellaneous foods	31.4
22	Beverages	2.5

Source: World Trade Atlas

Market Situation for Retail Food Products



Source: AC Nielsen

- The supermarket sector reported in 2006, sales of approximately \$4.0 billion in food products.
- Hypermarkets and supermarkets share of the market is 50% with strong competition from traditional Mom'n Pop stores, which accounts for 50% of total sales.
- Fierce competition continued among retailers in 2006.
- At present, hyper/supermarket target all consumers from low to high income, opening and adapting stores to the needs of the neighborhoods.
- The "mall construction fever" in well-populated neighborhoods is part of the hyper/supermarket expansion strategy.
- Shopping centers and malls continue to be the main venue of preference for shoppers. In consequence, Hypermarket/supermarkets are opening large outlets in malls.
- Aggressive marketing campaigns as well as fidelity cards, sales via internet, and delivery services have led marketing strategies.

Market structural changes in the retail sector

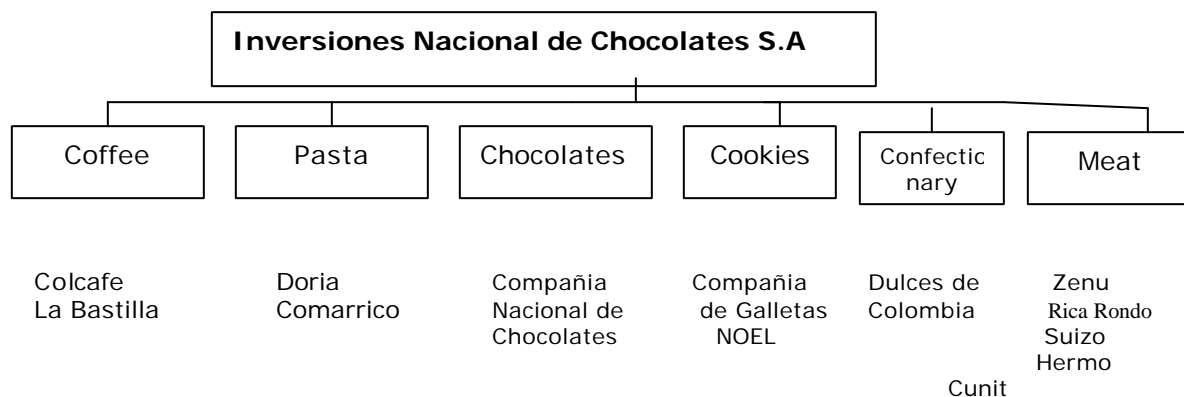
Structural changes and consolidation are occurring rapidly	Casino, the French retailer owns 62% of Exito-Carulla converting Casino into the largest investor in the retail food sector in Colombia. Almacenes Exito bought 77.6% of Carulla-Vivero shares, making Almacenes Exito the largest Colombian retailer.
International competitors have shaken the market	International hypermarkets such Makro and Carrefour have brought in new formats, forcing the local market to adjust and become more competitive and creative. Carrefour is expanding very fast and targeting all markets.
New paradigms for businesses	Internet, telemarketing and supermarket home-delivery. Gas Marts and convenience stores are capturing larger shares of the market due to 24 hour service and ready to eat food sales.
Changing shopping habits and patterns	Better-informed and more demanding consumers. Consumers choose hypermarkets for precooked, pre-packaged, and frozen products. More consumers shop at supermarkets, and less at wet markets. One to three visits per month to the supermarket for a wide variety of high-quality and safe food products at low prices, supplemented by several trips to mom'n pop and specialty shops for dairy products.
New market niches	Rural areas are being explored as a new market niche for mass consumption products. The goal is to open more supermarket/hypermarket stores closer to rural consumer areas.

The Economic Groups in the Food Industry

- o As in most Latin American countries, Colombia has a relatively high industrial concentration in a few large cities.
- o The following key players are powerful economic groups that highly influence the country's economic policy, while preserving their own economic interests.

Antioqueño Holding Food processing and retail	Superior Holding Fast food and poultry	Ardila Lulle Holding Soft drinks, beer and juices	Santodomingo Holding Beer, soft drinks and juices
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The Compañía Nacional de Chocolates total portfolio amounts to \$440.4 million of which 74% (\$325.9 million) is concentrated in the Food Industry



Advantages for U.S. Companies and Products

Locally established multinational firms are taking advantage of their brand names to position new imported products.
There is a general perception that U.S. products are of good quality and value. Many Colombians have traveled and studied abroad and have developed a taste for U.S. products.
Major retailers have expanded the number of stores and floor space during the last few years. The trend is to continue their geographical expansion. They are now present in major Colombian cities. The market share of hyper/supermarket is 50% and the “mom and pop” the other 50%. The hyper and supermarket are increasingly offering imported food products.
Hyper/supermarkets continue to consolidate as one of the most important distribution channels in the country. Many chains have gained greater negotiation power with manufacturers, giving them access to continuous price promotions and marketing activities.
Mom and Pop and Gas Mart stores are readjusting their line of products. Besides snack foods, candy, soft drinks, ready-to-heat and ready-to-eat products, dairy products and cereals, they are focusing on fast food sales. The gas marts are potential markets for new products.
Nearly 60% of the Colombian population is under 30 years of age and has been exposed to changing lifestyles. The remarkably young population, 70 percent of which lives in urban areas, has new tastes and preferences and is more health-conscious. With rising female participation in the workforce and more fast food outlets, demand for new high-value products is increasing.
Information and technology have become strong tools for food marketing. The uniform product code and scanners at point of sales have been fundamental to collaborative planning, forecasting and replenishment aimed at increasing profitability and stock control.
On line services are becoming popular. Retail leaders have renewed the online sales service with last-e-business technology. This service is offered both domestically and abroad and covers around 90 percent of Colombian municipalities.

Challenges to U.S. Companies and Products

A relatively new trend in Colombia is an increasingly strong demand for gourmet products and a growing popularity of wine, which reflects a change in lifestyle.
Importers demand competitive prices, good quality and consistent supply availability.
Category management practices include charging slotting fees for products, which are absorbed by the supplier.
The shift from essential to high-quality foods continuous. A good number of consumers opt to trade down to less expensive options of basic products due to economic difficulties. Consequently, manufacturers have made great efforts in launching low-priced products and offering price promotions for well-known products. A surplus of ordinary low-priced food products coexists with a shortage of high-quality food products. Colombians are now selective shoppers.
Investment in new outlets continues as part of the effort to penetrate regional markets and attract unattended consumers.
Market leaders are investing in construction of modern shopping centers in which super/hypermarkets and cinemas are the cardinal points. Investment also includes state of the art technology, logistics, remodeling and improving service areas.
Colombia is a leader in the use of private brands. Leaders of private labels in food retail are Carulla, Exito, Carrefour, Olimpica and Cajas de Compensación (subsidized private and public retail outlets).
The limited cold storage transportation network is still a limiting factor for the future development of the food sector.
Besides the basic duty, the Andean community assesses a variable duty on 13 basic commodity groups and related products. This system results in high and varying duties for a number of products, including pet food, poultry and cheese.
Other non-tariff barriers to imported products are import licensing and sanitary (beef and poultry) restrictions.
Some trade agreements with U.S. competitors make several U.S. products less competitive, such as zero import duties on wine and temperate fruits from Chile and soybeans from Paraguay.
The Colombian government has changed investment policy to attract new foreign investors. Joint ventures, franchising and licensing agreements are increasing in number and value.
The import process still has many layers. However, the GOC has introduced key modifications to simplify the paperwork significantly. Furthermore, as of June 2004, the import declaration form was eliminated but other requirements remain. Import/export procedures and customs clearances could be completed and submitted by internet. Nonetheless, registration of new products with INVIMA could take a long time if required information is not complete.

Illustrative Import Duties for Food Products

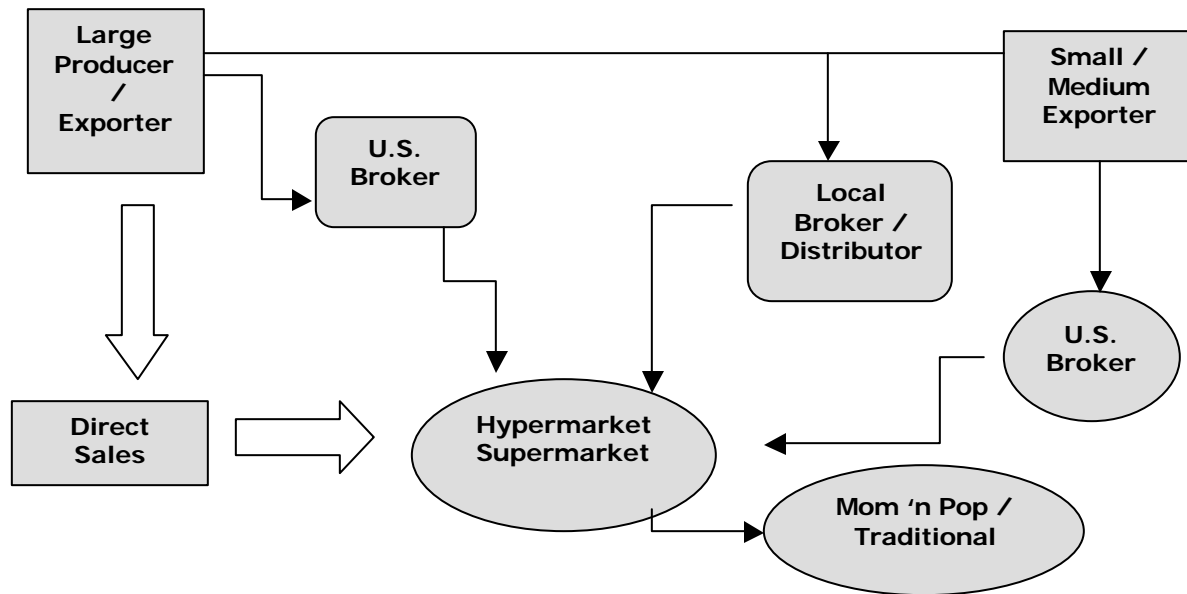
Products	Basic Duty %	Basic Plus Variable % *
Powdered Milk/Cheese	20	50
Wine/Beer	20	none
Fruits/Vegetables	15	none
Raw Coffee, Tea and Spices	10	none

*As of October 31st, 2007

Market Entry Strategy

General guidance to access the Colombian food market, enhance competitive sales and introduce new products:

- Calculate your competitive position on the equation of high quality, moderate price and good service to meet increasing foreign competition.
- Consider innovative marketing strategies when introducing new products. Social marketing strategy is a new approach. Sales generate funding for social programs.
- Provide guarantee of consistent supply of products to large stores, hotel chains and institutional markets. Marketing strategies must meet the specific needs of the Colombian market.
- Reinforce activities, such as trade exhibits, product sampling, advertising, etc.
- Be aware of hyper/supermarkets conditions to assign shelf space and accept or reject discount and promotion campaigns.
- Establish direct relations with leading companies to develop a low cost, direct sales approach and to offer products and services.
- Develop a relationship with top executives, i.e., marketing directors, purchasing managers, and expose them to U.S. business practices. Take advantage of domestic food fairs and exhibitions.
- Include after-sales service and customer support, which are decisive purchasing factors.
- Promotional materials translated into Spanish would be very well regarded.



Importers and Distributors

- Colombia is considered a natural market for U.S. products and technology, due to its proximity and good trade relations with the United States. Colombia and the United States negotiated a bilateral free trade agreement, which pending U.S. Congress approval.
- Competition in food retailing has intensified; hence supply channels have been streamlined because supermarkets/hypermarkets are importing directly from suppliers.
- There are now a few large players with strong negotiating and purchasing power. Large number of end-users are purchasing directly from suppliers and/or manufacturers abroad, avoiding local representatives.
- With rapid development in the retail sector, only large importers and distributors with a broad knowledge of U.S.-Colombian market practices will remain in the market.
- Small importers and distributors will find it more difficult to compete, except with quality product categories that are not attractive to large importers.
- Import overhead is around 30-40% of the total product value after duties.

Selected List of Main Importers and Distributors

Importer	Product	Importer	Product
Effem Colombia	Pet food, confectionary	Quala	Meat, vegetables
Provyser	Processed inputs for fast food	Frito Lay	Food preparations, seasonings, cereals
Frutcom S.A.	Fresh fruits	Ancla y Viento	Seafood
Imporfenix	Fresh fruit	Procaps	Juices, vegetables, vegetable oils
Globalim	Juices, Kosher food products	Congruppo	Pop corn, sauces, cheeses, vinager, ketchup
Pacific Seafood	Fish fillets, crustaceans Ginger.	Frigocargo Internacional	mechanical de-boned chicken meat.
Comestibles Alfa	Canned food products	Nabisco Royal, Inc.	Peanuts, sweets, biscuits, pastry
Pesquera Jaramillo	Seafood	Fedco	Line of processed food products, canola oils
EMCD Groupe Casino Americas	Beer (Budweiser), Beer, chocolates, baby food, canned fruits and vegetables, non-alcoholic beverages, etc	Productos Naturales de Cajica	Juices
Comercializadora Nacional de Alimentos	Fresh and frozen vegetables	Griffith de Colombia	Broths, vegetables, spices
Provyser	Cheese, poultry/turkey preparations, spices,	Colanta	Juices, frozen meat
Franchise Systems de Colombia	Cheese, sweet, ham, juices, dry vegetables	John Restrepo & Cia.	Liquors, canned seafood, candy,
Promesa de Colombia	Breakfast cereals	Comestibles Dan	Pork and poultry meat, frozen
Dislicores	Wine, liquor	Dicermex	Wine, liquors, food products
Casa Ibañez	Wines, cold meats, olives, oils, candy, etc.		

Market structure and sub-sector profile

- Hypermarkets are opening new stores with a different format in the low-income areas to compete with the mom and pop.
- Hyper/supermarkets are striving to provide customers with excellent service and quality products at competitive prices.
- Hyper/supermarkets are increasing in number and sales volume. Supermarkets do not complain of low profits, on the contrary new stores and new formats are appearing nationwide.
- Ranked by sales, Exito (4), Carulla/Vivero(15), Olimpica (18), Alkosto (28) Carrefour (22),and Cacharrería la 14 (40) are among the top 50 Colombian companies.
- Despite considerable expansion, hyper/supermarkets are far from reaching the average of one store per 8,000 people in developed countries. Colombian average is 1/25,000.
- Hypermarket business is prospering in Colombia. There are eight main chains with approximately 510 outlets
- The Colombian traditional Mom'n Pop stores continue to consolidate as one of the most important distribution channels in the country. Mini-markets continue to be a strong competitor.

Hypermarkets and Supermarkets

Name of Retailer / Type of Retail Outlet Hypermarkets	Ownership	# of Outlets	Location	Type of Purchasing Agent(s)
Carrefour	100 % France	38	Bogota, Cali, Pereira, Medellin, Ibague, Barranquilla	Importer/ direct / local
Alkosto	100% Local	9	Bogota, Villavicencio, Pasto, Ipiales, Tuquerres	Importer/ direct / local / producers / distributors
Makro of Colombia	57% Holland 43% Antioqueno Group	9	Bogota, Cali, Pereira, Medellin, Barranquilla, Ibague, Cartagena	Importer/ direct / local / producers / distributors
Almacenes Éxito Pomona, Carulla-Vivero	62% Casino – France 38% Others	240 appr	Medellin, Bogota, Cali, Other Main Cities	Importer/ direct / local / producers / distributors
Supertiendas Olimpica	100% Local	133	Main/Middle Cities	Importer/local producers / distributors
Cacharrería La 14	100% Local	19	Cali, Pereira, Manizales, Buenaventura	Importer/ direct / local / producers / distributors
Colsubsidio *	100% Local	20	Regional Bogota	Local producers/ distributors
Cafam*	100% Local	42	Regional Bogota	Local producers/ distributors

* Entities funded by the employers as a way to provide workers with fringe benefits. They are mandated by the Colombian Labor legislation.

- In 2006, Almacenes EXITO, the number one retailer in Colombia, reported total sales of \$1.7 billion. Carulla-Vivero, the second largest retailer, now owned by Almacenes Exito, reported sales of \$700 million. Olimpica \$700 million and Carrefour \$600 million.
- Main retailers attract mainly upscale and middle-income shoppers. However, the low-income group is taking advantage of low price campaigns and premiums offered by large stores.
- All offer a wide variety of high-quality imported products at reasonable prices.
- Shoppers mainly buy pre-cooked, pre-packaged and frozen products, beverages & wine.
- The three main retailers have gained recognition in the market for the appealing of new products, including gourmet products and wide variety of wines.
- All chains have opened outlets in main cities. The coffee zone is particularly appealing because of tax privileges and large population.

Hypermarket / Supermarket Sales

US\$ billion

Store	Total Sales
HYPERMARKETS	
Almacenes Éxito S.A.	1.7
Carrefour	0.6*
Makro of Colombia	0.2*
Alkosto/Corbeta	0.06*
Carulla-Vivero	0.7
Olimpica	0.7
Others (Cafam, Colsubsidio, etc.)	0.8
TOTAL	4.8

Source: Superfinanciera and the companies.

* Estimates

Mom'n Pop / Traditional Markets

- The Mom'n Pop store concept is very important in Colombia and captures 50% of the food retail business. These stores are scattered throughout all neighborhoods.
- This store format is small in size (20 to 200 square meters) but large in number (approximately 450,000 in Colombia). They offer basic products, and have a small inventory.
- Most products available are perishable: milk, eggs, fresh fruits and vegetables, and some processed foods.
- The future of Mom'n Pop stores lies in their ability to meet needs of low and middle-class groups that are not met by supermarkets and hypermarkets.
- Special consumer services, such as small-unit sales, short-term credit to lower-income consumers, and proximity have been the foundation of their success.
- This market is increasingly important to domestic wholesaler/distributors. Producers and distributors are adjusting to Mom'n Pop market needs with new and customized products.
- Government and private institutions have organized and implemented marketing improvement programs, including credit sources, institutional framework, legal requirements and technical and managerial training aimed at fostering efficiency in the distribution of food and price reduction.
- Mini-markets, a blend between Mom'nPop stores and supermarkets, are consolidating. In an area of 100 square meters, these better-equipped self-service stores offer basic staples, frozen products, fresh fruit and vegetables, beverages and cleaning products.

Colombian Gas Marts

Tiger Market – ESSO
On the Run – MOBIL
Select - SHELL
Star Mart - TEXACO
Shell Select
Carulla Express

- Gas marts are convenience stores attached to gas stations. Gas marts have had very good acceptance and is a venue for fast food, snacks, ready-to-eat, hot and cold beverages and other food staples. They complement the Mom'n Pop/Traditional stores. Another service offered in the gas marts is ATMs.
- Imported products represent less than 6% of total products.
- Fast food generates 60% of total sales. Beverages 30%.
- Shoppers are young professionals, students and single people who either drive or walk to the store. Recent findings show that 75% of consumers belong to the neighborhood.
- Gas Marts have had good impact on the market and have taken positive steps to ensure significant growth in the long term, particularly after alliances with fast food chains: Kokoriko and El Corral.
- In accordance with Euromonitor report, this retail format in Colombia has grown so fast due to the consumption patterns of Colombian consumers, which favors convenience and safety.
- Gas marts are usually opened 24 hours

Typical Product Lines

- Pre-cooked foods, tacos, dips, pizzas, pastas, etc.
- Fast foods: hamburgers, hot dogs, and sandwiches.
- Drinks: Hot chocolate, coffee, soft drinks, milk, tea, etc.
- Snacks and cereals: snacks (Pepperidge Farm US), (Kellogg's)
- Sweets: Nestle products, chocolates, candy, ice cream, etc.
- Baby foods
- Pet foods
- Canned foods: fruits and vegetables
- Liquor and beer to go
- Wines

Wet Markets

- These are part of Colombian traditional markets.
- Each small town has a wet market that opens at least once a week, supplied by local and regional small-scale production.
- Fresh perishable foods, (seasonal fruits, potatoes, and vegetable), live animals and homemade dairy products are offered at these "once a week markets".
- Low-priced, bargaining markets, also provide food products for Mom'n Pop stores.
- Number of wet markets estimated at 2,000 is declining slowly in larger cities.

- CORABASTOS, a Central market of 420,000 square meters for perishable products. It also acts as a warehouse and main auction market. It also handles large quantities of perishable products for retail sale.
- CORABASTOS located in Bogota, handles daily more than 10,873 tons of food, which represent daily sales estimated at \$10 million.
- Acts as a price indicator for food products and functions as a spot market.
- 6,500 wholesalers meet daily to trade food products directly from producers and sell them to another 6,000 retailers.
- Supplies food for nearly 10 million people in central Colombia and other central markets in the main cities.

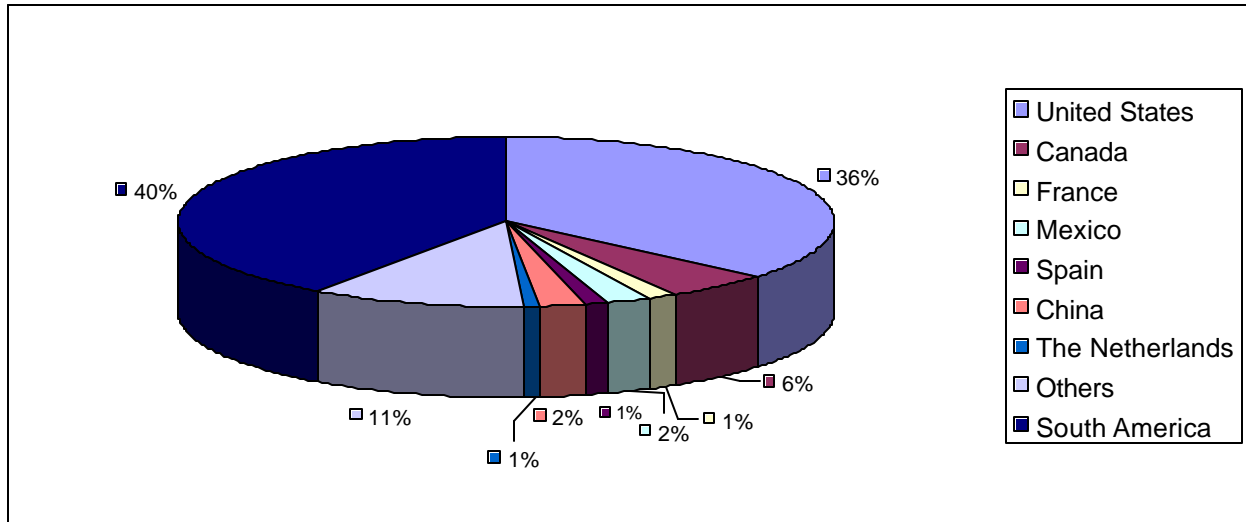
COMPETITION: CONSUMER- READY FOOD

Colombia is a strong competitor in the production of:

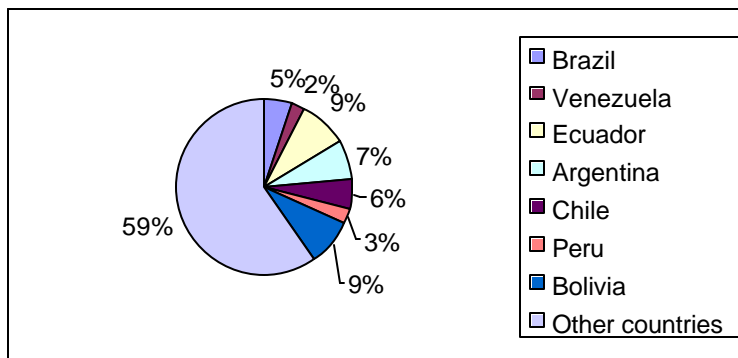
Product	Company
Dairy Products	Nestle, Colanta, Alpina, Parmalat
Breakfast Cereals	Kellogg's, Nestle, Quaker
Snacks	Frito Lay- Margarita, Savoy Brands, Yupi, Kraft Foods, Nabisco Royal
Baked Foods	Levapan, Bimbo, Ramo, Comapan
Confectionery	Nacional de Chocolates, Colombina, Noel, Chicle Adams, Comestibles Italo, Dulces de Colombia, Colombina S.A.
Oils and Margarines	Grasas S.A., Unilever, Lloreda, Acegrasas, Gravetal
Dry Mixes for Sauces, Mayonnaise, Ketchup, Mustard, Jellies, and Condiments	Unilever-Disa-Best Foods, California, La Constancia, El Rey, Productora de jugos, Frutos del campo, La Coruña
Poultry feed Products and Pet Food	Solla, Ralston Purina, Finca, Contegral, Italcol, Nestle Pet care.

- Colombia grants preferential treatment to imported products from fellow members of the Andean Community. Also, bilateral agreements provide preferential import duties to countries such as Chile, Mexico, Brazil and Argentina.
- Private labels are becoming very important. Store brands are included in nearly 30% of food product categories sold at supermarkets and hypermarkets.

Colombian Food Product Market Share 2005



South America Market Share of Total Colombian Imports - 2005



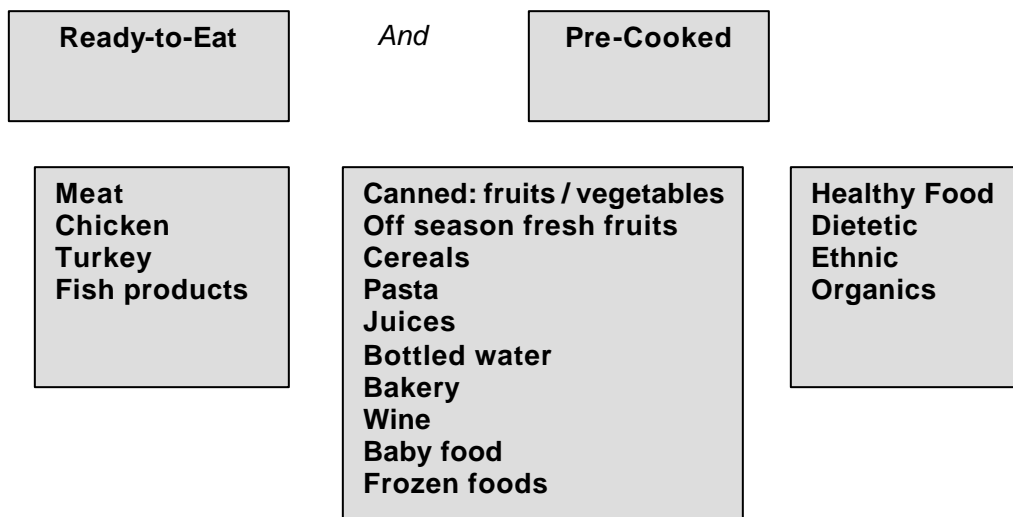
Source: World Trade Atlas

- Colombia is a growing market for value-added food products. Economic recovery will be a driving force that will foster demand for new products at reasonable prices.
- Healthy and ethnic food categories are new in the market but their acceptance and preference are growing fast.
- Gourmet products are penetrating the market with excellent results.
- Wine consumption has been increasing, with the growing popularity of wine among Colombians. Import tax reductions have favored importation of wines from all over the world. Hypermarkets/supermarkets are actively working in promoting wines from different sources as well as educating Colombian consumers.

- Surveyed retailers and producers feel there is significant potential for new products in almost all food product categories.

Best Product Prospects 2006/2007

There is significant space for new products in ...



Related Reports

Report No.	Report Name	Date
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CO-7015	Trade Policy Monitoring Report	07-19-07
CO-7017	FAIRS Exporter Certificate	09-26-07
CO-7018	Exporter Guide	10-01-07

Post Contact Information**Office of Agricultural Affairs
U.S. Embassy, Bogota, Colombia**

Calle 22D Bis, No. 47-51
Apartado 3831
Bogota, Colombia

R. Todd Drennan

Agricultural Attaché

U.S. Mailing Address: U.S. Embassy - Bogota
Agr Section, Unit 5119
APO AA 34038

Phone: (57-1) 315-2138

Fax: (57-1) 315-2181

Email: agbogota@fas.usda.gov

Darya Chehrezad

APHIS Attaché

(Agricultural and Plant Health Inspection Service)

U.S. Mailing Address: U.S. Embassy - Bogota
Agr Section, Unit 5103
APO AA 34038

Phone: (57-1) 315-2192

Fax: (57-1) 315-2191

Email: usdacol@colomsat.net.co

COLOMBIAN GOVERNMENT CONTACTS**Ministry of Agriculture and Rural Development**

Colombian Agricultural Institute (ICA)
(Phytosanitary and Zoosanitary requirements office)
Calle 37, No. 8-43, Piso 4
Bogotá, Colombia

Deyanira Barrero-León
Deputy Manager Animal Health Protection and Regulation
ICA - Instituto Colombiano Agropecuario
Calle 37 # 8-43, Of. 401
Bogotá, Colombia
Tel. (57-1) 320-3654, 332-3700/ext: 250 259
Cel pone: (315)899-7032
Fax: (57-1) 232-4695
e-mail: subgerencia.pecuaria@ica.gov.co

Jaime Cardenas, Head
Plant Inspection Guarantee-Health Risk
ICA - Instituto Colombiano Agropecuario
Calle 37 # 8-43, Of. 401
Bogotá, Colombia
Tel: (57-1) 232-4709
Fax: (57-1) 288-1753
E-mail: sanidad.vegetal@ica.gov.co

Ministry of Social Protection

National Institute for the Surveillance of Food and Medicine (INVIMA)
Division of Food and Alcoholic Beverages
(Food Products registration and Health permits)
Laura Pasculli
Carrera 68D # 17-21 Zona Industrial
Bogotá, Colombia
Phone: (57-1) 294-87003 Ext. 3920
Fax: (57-1) 315-1762
E-mail: invimasal@invima.gov.co

Ministry of Foreign Trade

Juan Guillermo Castro
Director of Commercial Relations
Calle 28, No. 13A-15, 6th Floor
Apartado 240193
Bogotá, Colombia
Phone: (57-1) 606-7676 Ext. 1433
Fax: (57-1) 606-7539
E-mail: jcastro@mincomex.gov.co

For further information, visit the FAS home page at <http://www.fas.usda.gov>.

MAIN RETAIL ORGANIZATIONS**ANDI**

Asociación Nacional de Industriales
Luis Carlos Villegas
President
Carrera 13 # 26-45 Piso 6
Bogota, Colombia
Tel: (57-1) 336-1990
Fax: (57-1) 341-9988
E-mail: lpineda@andi.com.co

FENALCO

Federacion Nacional de Comerciantes
Guillermo Botero
President
Carrera 4 # 19-85
Bogota, Colombia
Tel: (57-1) 336-7800/350-0600
Fax: (57-1) 350-9424
E-mail: guillermobotero@fenalco.com.co

MAIN HYPER/SUPERMARKETS

ALMACENES EXITO

Luis German Fajardo

Director, Productos de Gran Consumo

Av. Las Vegas

Carrera 48 # 32B Sur 139

Medellín, Antioquia

Colombia

Tel: (57-4) 339-5920/339-6565

Fax: (57-4) 339-6036

E-mail: luis.fajardo@grupo-exito.com.co**CARULLA-VIVERO**

Dario Jaramillo

President

Carrera 68D # 21-35

Bogota, Colombia

Tel: (57-1) 570-8646/570-7500 Ext 1000

Fax: (57-1) 411-4194

E-mail: djaramillo@carullavivero.com**CARREFOUR**

Gregoire Kaufman

Merchandise Director General

Avenida 15 # 106-57

Bogota, Colombia

Tel: (57-1) 657-9797

Fax: (57-1) 637-5256

E-mail: gregoire_kaufman@carrefour.com**MAKRO DE COLOMBIA**

Javier Sanabria

Comercial Director

Carrera 39 # 193-63

Bogota, Colombia

Tel: (57-1) 678-1616 Ext 1101/678-1323

Fax: (57-1) 678-2874

E-mail: javier.sanabria@makro.com.co**SUPERTIENDAS OLIMPICA**

Antonio Char

General Manager

Carrera 36 # 38-03

Barranquilla, Atlantico

Colombia

Tel: (57-5) 371-0245/371-0317

Fax: (57-5) 351-0263

E-mail: anchar@olimpica.com.co

ALKOSTO

Rafael Londono
Commercial Manager
Diagonal 72^a # 57-02
Bogota, Colombia
Tel: (57-1) 437-6868
Fax: (57-1) 630-5812
E-mail: rafael.londono@alkosto.com.co

CACHARRERIA LA 14

Lelia Cardona
General Manager
Calle 70 # Carrera 1
Cali, Valle
Colombia
Tel: (57-2) 665-1817
Fax: (57-2) 665-1819
E-mail: gerencia@la14.com