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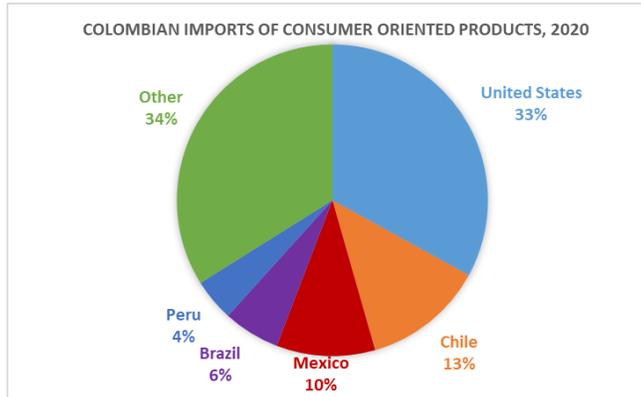
Report Highlights:

The Hotel Restaurant Institutional (HRI) sector in Colombia is still rebuilding from the mandatory 6-month lockdown that caused serious economic damage across the sector. Emerging from the lockdown, U.S. exporters face new market conditions in the country, resulting from changes in consumer habits and preferences during the pandemic. In 2020, the Colombian GDP for lodging and restaurants declined 37 percent, reducing its share of Colombia's economic activity from 3.8 percent in 2019 to 2.5 percent in 2020. The HRI sector is expected to recover at a slow pace, reaching pre-pandemic levels by 2023.

Market Fact Sheet: Colombia

Executive Summary: Colombia is the leading destination for U.S. agricultural exports in South America, followed by Brazil and Chile. In 2020, U.S. agricultural exports to Colombia were valued at \$2.9 billion.

Imports of Consumer-Oriented Products: In 2020, Colombia’s imports of consumer-oriented products from all suppliers declined 8.5 percent to \$1.9 billion. Declines in imports are due to changing consumer habits because of the pandemic. In 2020, Colombian imports from the United States fell 21 percent to \$632 million, followed by Chile (\$241 million) and Mexico (\$196 million). Consumer-oriented products account for 23 percent of U.S. food and agricultural exports to Colombia.



Food Processing Industry: Colombia is a net importer of many food ingredients. There is a growing domestic demand for higher quality confectionary products. The Colombian fats and oils sector imports unrefined soybean oil and other oil seeds to meet industrial demand. The milling, bakery, and starch sectors have benefited from innovation in flavors and healthier ingredients. [Food Processing Ingredients GAIN Report](#)

Food Retail Industry: Western style, large supermarkets are part of a noteworthy retail transformation in the last decade with domestic and international grocery chains opening new stores. Discount stores have increased market share and continue opening outlets throughout the country, offering private label portfolios. [Retail Food GAIN Report](#)

Food Service Industry: The restaurant and food service sector is expected to expand as a consequence of growing incomes and higher participation of women in the labor force, resulting in a stronger incentive to dine out and/or utilize delivery food services; roasted chicken, hamburgers, and pizza are a few of the preferred products that Colombians order using delivery service.

Population: 51.0 million (2021)
GDP: \$299.496 billion (2020)
GDP per capita: \$5,946 (2020)

Top 10 Main Consumer-Oriented Products Imported by Colombia (MM dollars):

Description	2019	2020	Change
Dairy products	\$244	\$284	17%
Soup & other food preparations	\$279	\$224	-20%
Fresh fruit	\$165	\$162	-2%
Pork & pork products	\$236	\$158	-33%
Bakery goods, cereals & pasta	\$118	\$109	-8%
Mfg. tobacco	\$84	\$108	29%
Processed vegetables	\$112	\$107	-4%
Distilled spirits	\$101	\$95	-6%
Poultry meat & products (ex. eggs)	\$114	\$90	-21%
Wine & related products	\$67	\$71	6%

Main HRI companies		
Hotels	Restaurants	Institutional
Decameron	Frisby SA	Sodexo SAS
Hoteles Estelar	El Corral	Compass Group Services
Tour Vacation	McDonald’s	Servihoteles

Top 5 Retailers	Top 5 Food Manufacturers
Grupo Exito	Grupo Nutresa
Alkosto	Colanta
Olímpica	Alpina
D1	Colombina
ARA	Nestlé de Colombia

Sources: Trade Data Monitor, World Bank, Global Agricultural Trade System, Euromonitor, DANE, IMF, various online sources. For additional information, contact agbogota@fas.usda.gov

SECTION I: MARKET SUMMARY

According to the Colombian Department of Statistics (DANE), Colombia's gross domestic product (GDP) decreased 6.8 percent in 2020, after stable growth in the past decade. The Economic Commission for Latin America and the Caribbean predicts that the Colombian economy may recover by the end of 2021, reaching 5.4 percent GDP growth. This prediction is complicated by nationwide protests and social unrest in the first semester of 2021, which slowed the economy for a period of time. The COVID-19 pandemic contributed to higher unemployment and a decrease in household income, affecting domestic demand. In the past year, 3.6 million middle-class Colombians entered poverty, threatening the country's economic stability.

Colombia is the third most populous country in Latin America with 51 million inhabitants. Eighty percent of the Colombian population resides in urban areas. Colombia is atypical of Latin America with decentralized urban centers and five cities with over one million residents: Bogota, Medellin, Cali, Barranquilla, and Cartagena. Increasingly, the Colombian population is urbanizing, stimulating changes in lifestyles and eating patterns. In recent years, urban households are also becoming more likely to contain dual incomes, resulting in an increasing demand for processed food and shopping convenience. In Bogota, the average household contained 3.1 members in 2019. Household size is expected to decline to 2.2 members by 2050.

Venezuelan immigration is another key demographic trend. The Colombian government (GOC) estimates that over 1.8 million of Venezuelans live in Colombia. FAS predicts Venezuelan immigrants positively influence the total consumption of main food staples such as beans, rice, and corn flour.

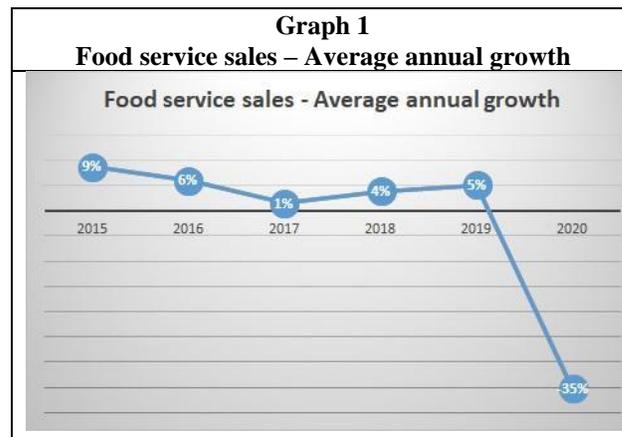
Prior to COVID-19, Colombia had a growing food service sector. The sector consisted of 101,000 restaurants, cafés, bars, cafeterias, and kiosks, and 10,000 hotels. However, the [Colombian National Department of Administrative Statistics \(DANE\)](#) estimates that the HRI sector is highly informal; therefore, strong competition from local, informal restaurants and hotels remains. Urbanization, a growing number of shopping malls and food courts, increasing dual income households, higher participation of women in the labor force, and a growing flow of tourists are major drivers of HRI expansion.

Before the COVID-19 pandemic, Colombian households were largely indifferent to dining out or eating at home, supporting growth in the HRI sector. However, long lockdown periods and foodservice closure has forced Colombians to increase the frequency at home meal preparation. Since March 2020, consumers are less willing to consume food outside of their homes, due to biosafety concerns and lower purchasing power. Graph 1 shows food service sales average growth.

The COVID-19 pandemic and the concurrent lockdowns affected the Colombian economy, leading to a recession. As a result, households altered purchasing patterns to reduce expenditures. However, consumer habits are expected to change as more Colombians are vaccinated. Main consumer trends can be summarized as follows:

- Higher price sensitivity leaves more room for private label products. Forty-one percent of Colombians preferred cheaper food brands during the isolation period.
- Preference for cooking and baking while staying at home encourages increased demand for flour, pasta, sugar, sauces, among other related products.
- Rising health awareness may allow for opportunities for healthy food products.

- More conscious purchasing decisions favoring sustainable products.
- E-commerce and delivery service adoption (141 percent and 219 percent growth in 2020, respectively) continues to provide challenges for the retail and food service sectors. In particular, the retail and food service sectors struggle to adapt to changing consumers’ needs, while complying with biosafety regulations.
- More frequent alliances among food processors deliver convenient options to consumers and provide logistical benefits to the industry.
- Consumer biosafety concerns when dining out or ordering delivery services increase demand for single-serve sauces and condiment packets.
- The hotel sector’s recovery is led by small hotels that are preferred by clients, because they are perceived as a safer environment.



Source: Euromonitor

The [Food Processing Ingredients GAIN Report](#) and the [Retail Food GAIN Report](#) provide data and analysis on Colombian food trends. Advantages and challenges for U.S. exporters in the Colombian market are shown in chart 1.

Chart 1 Advantages and Challenges for U.S. Exporters	
Advantages	Challenges
The U.S.-Colombia Trade Promotion Agreement (CTPA) expands opportunities and market potential for food products.	Colombia has trade agreements with many other countries, increasing competition with U.S. products.
The U.S. holds a reputation for producing high quality agricultural products.	Colombian per capita consumption for processed and semi-processed products is low; for example, bread consumption is only 22kg/year, low compared to other Latin American markets.
Increased acceptance of American style restaurants provides an avenue for introducing U.S. recipes and food ingredients into the Colombian diet.	Depreciation of Colombian peso might affect U.S. export competitiveness.
The growth of the tourism, hotel and restaurant sectors requires a greater array of raw materials and ingredients to make products more appealing to foreigners and domestic consumers.	There is a cultural misperception that frozen products are unhealthy and lack quality.
Growing urbanization of Colombian cities is stimulating new consumer trends and an increase in processed foods.	Internal transportation costs from ports of entry are high due to extremely poor infrastructure.

Market opportunities for health foods and organic products are expanding given growing obesity trends and GOC support for healthy living campaigns.	Cold chain is deficient and increases logistical costs.
U.S. food suppliers and manufacturers have a positive reputation for food safety, availability, quality, and delivery.	Increasing consumer preference for local products, especially dairy, fruits, vegetables, and meat, due to government policies in reaction to COVID-19.

SECTION II: ROAD MAP FOR MARKET ENTRY

Entry Strategy

Any U.S. exporter entering the Colombian market should understand customer needs as well as purchasing requirements and specifications. Additionally, exporters must know Colombian standards and regulations to avoid clearance delays at ports of entry. Critical considerations for market entry include the following:

- Competition is based on quality, price and service;
- Conducting market research to better understand competitors, consumers' preferences and business environment is essential;
- Build relationships with large importers and wholesalers/distributors;
- Highlighting social responsibility in marketing techniques continues to perform well, by using sales to generate funding for social programs;
- Develop ways to meet the needs of the Colombian market, ideally through personal visits, to have a greater understanding about the market and identify needs of buyers and consumer trends;
- Consider consolidation when exporting small amounts of product;
- Develop business relationships with top executives (marketing directors, purchasing managers, etc.) and expose them to U.S. business practices;
- Participate in local trade and promotion shows, as well as food festivals, such as [Expovinos](#), [Alimentec](#) and [SaborBarranquilla](#), to learn about consumer trends;
- Participate in trade delegations;
- Attend trade events like the National Restaurant Association Show or the Americas Food and Beverage Show, which provide opportunities to meet and educate Colombian importers;
- Develop Spanish marketing/communication materials;
- Work closely with local importers to comply with food import regulations to facilitate the registration and import of food products and minimize port of entry risks;
- Support the importer with promotional campaigns.

For more information on doing business in Colombia, see [Colombia Country Commercial Guide](#)

Market Structure

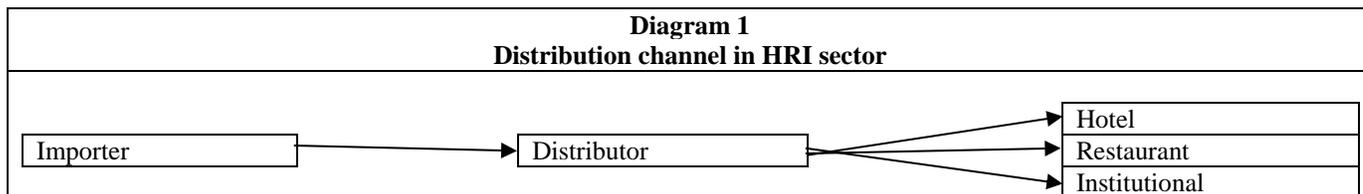
Restaurant chains are well established and recognized by consumers. They have benefited from their standardized menus and formats, providing confidence to consumers who know what to expect. Independent brands offer a wide variety of options and innovative menus, including non-traditional ingredients and flavors from other cultures. For independent brands, Colombians are willing to pay more. Small informal restaurants are found all over the country, offering homemade meals at low prices; workers and students prefer this option.

Colombia's HRI industry was seriously impacted in 2020 as a result of the COVID-19 pandemic and lockdowns that impacted all economic sectors. Restaurants adapted to evolving consumer habits by

preparing food at home, buying staple foods in nearby shops, and ordering meals through e-commerce platforms. During the pandemic, e-commerce benefited from consumers' needs for convenient options, which was aided by rapid digital adoption, food delivery applications, such as [Rappi](#) and [iFood](#), which consolidated in the market, and restaurants and hotels that offered meal kits and ingredients for consumers to recreate recipes at home. While the convenience of these methods helped many businesses maintain revenue, it was ultimately not enough to compensate losses coming from the pandemic.

Distribution

Only big restaurant and hotel chains directly import food and beverages. Other smaller businesses must purchase inputs from importers and/or distributors. Companies such as [La Recetta](#), [Unilever Food Solutions](#), and [Makro](#) have specialized in supplying food and beverages to the HRI industry. GOC regulations to reduce the spread of COVID-19 have heavily affected the HRI sector, as well as its suppliers. U.S. beef and pork importers created creative initiatives to reach out to final consumers and alleviate the lost revenue from the decrease in sales. E-commerce platforms are now targeting final consumers, in addition to HRI companies. The diagram below shows the flow of the product through the distribution chain (diagram 1).



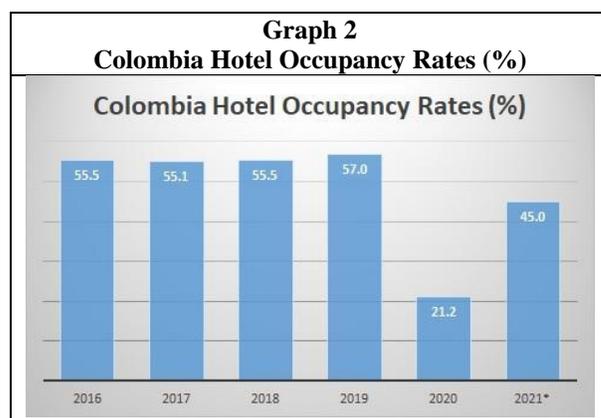
Sub-Sector Profiles

HOTELS

Sixty-five years ago, the GOC created the [Colombian Hotel and Tourism Association \(COTELCO\)](#). COTELCO supports its members and represents the industry's interests to the government. The COVID-19 pandemic has led to a fall of international and domestic tourism, sharply affecting the hotel industry. In 2020, hotel room stays fell by 35 percent. A recent survey from COTELCO found that only 24 percent of hotels have been operating since the beginning of the pandemic. COTELCO also found that 5 percent of businesses have been suspended and have not started operations yet, whereas 71 percent have only recently resumed operations, thanks to tourism reactivation. Moreover, 99 percent of hotels were affected by social unrest demonstrations in 2021, which resulted in lower tourist inflows and higher input costs. To advocate for a reopening of the economy, COTELCO launched the website [Hoteles en Colombia](#), a marketplace to promote Colombian hotels and to certify compliance with biosafety regulations, in an effort to build consumer confidence. Most hotels in Colombia are family businesses, although there are some international chain hotels and resorts. In 2020, the largest operators were [Hoteles Decameron](#), [Hoteles Estelar](#), and [Tour Vacation](#).

Colombia Hotel Occupancy Rates

Since 2007, hotel occupancy rates have remained stable; however, the strict COVID-19 lockdowns have impacted occupancy rates, pushing them to as low as 3.2 percent from April 2020 to June 2020. COTELCO expects the industry to fully recover in the first semester of 2023. The hotel sector concentrates on tourism and niche business markets, such as business conventions, annual meetings, social functions, and medical tourism. Foreign visitors are mainly from the United States, Venezuela, Argentina, and Brazil. The graph below shows hotel occupancy rates (graph 2).



Source: DANE and COTELCO

2021*: estimated occupancy rate by the end of 2021

RESTAURANTS

[The Colombian Restaurant Association ACODRES](#) estimates that restaurant sector sales in Colombia have grown 152 percent in the last decade. The market share of unregistered restaurants is up to 77 percent of the market, which is the main threat this sector faces, aside from COVID-19. The past performance in the restaurant sector is primarily due to growth in the tourism sector and rising household incomes. Quick service and fast-food restaurants are strategically located around working areas and represent one-third of the restaurant market. The convenience of fast-food restaurants supports dual income, working households that have little time to prepare traditional meals on a moderate income. In addition to Colombian preferences for fast-food restaurants, consumers have a growing affinity for fast casual restaurants where they can find higher quality food at affordable prices. Main restaurant operators that offer fast-food include: [Frisby SA](#), [Hamburguesas El Corral](#), and [McDonald's Corp.](#)

Restaurants and Bars Suffering due to Covid-19

Over 30 percent of restaurants and 15 percent of bars failed during the COVID-19 pandemic due to strict lockdown regulations. Although delivery services were permitted during quarantine, it is estimated that delivery options represented only 12 percent of normal sales. Though sales have grown, sector representatives have a negative outlook due to the economic impact of the virus and consumer fears of gathering at restaurants or bars. Informal restaurants are expected to see an increase in market share, as meals are more affordable. Consumers demand for healthy food has resulted in new menu offerings such as plant-based proteins as well as low-fat and sugar-free options. Poke bowls are a popular meal as they are perceived as a healthier preparation.

INSTITUTIONAL

Schools: According to DANE, almost 24 percent of the Colombian population is within the age range of 0 to 14 years old, when they will likely attend school. Most schools contract with catering companies to serve lunch, while others prepare food on-site. Foods prepared at schools are purchased wholesale at establishments specializing in food services for schools. Sales of imported products for this purpose are not significant; however, there is potential for growth in U.S. consumer-oriented-products, such as beverages and nutritional snacks. School's shift to virtual education due to Colombia's lockdown started in March 2020. Some private schools did not survive the economic crisis as a result of high

unemployment, lack of digital platform access, and increased homeschooling. By the end of 2020, schools began partially reopening under alternative learning models. All public schools resumed activities, starting July 2021.

Colombian Government Programs: The GOC sponsors several programs aimed at improving nutritional standards for children attending public schools and addressing child malnutrition in low-income families. The food assistance programs provide a nutritionally balanced lunch supplement and reach approximately 4 million school age children, nursing mothers, the elderly, and homeless. [The Colombian Family Welfare Institute \(ICBF\)](#) and all regional educational offices implement food assistance programs. The pandemic has not impacted these food assistance programs nor their ability to reach low-income households.

Social and Country Clubs: There are almost 80 high-end social clubs in Colombia, offering sports facilities and restaurant opportunities. Social clubs are a good market for upscale imported food products. Social and country clubs source their food and beverages stocks from specialized food service establishments and importers of fine foods and wines. In 2020, membership declined, and sales decreased 95 percent, reducing their incomes to a historical low.

SECTION III: COMPETITION

Competition Narrative

The CTPA entered into force in May 2012. This comprehensive trade agreement eliminated tariffs and other barriers to goods and services. Although over 80 percent of U.S. exports of consumer and industrial products to Colombia are classified as duty-free, the CTPA provides a duty-free tariff-rate-quota (TRQ) on certain goods that operate under a first come/first serve basis. Notable exceptions to the CTPA include rice and poultry, which are subject to auctions managed by Export Trading Companies (ETC).

U.S. competitors for raw materials include MERCOSUR, Canada, and the European Union. These actors hold free trade agreements with Colombia.

Colombian consumers have become increasingly protectionist following the COVID-19 pandemic and the recent demonstrations. This change encourages consumers to purchase products made domestically. Colombia Productiva (*productive Colombia*), an entity from the Government, designed the strategy [Compra Lo Nuestro](#) (*buy our products*) by developing a label demarcating local products.

The Colombian Congress recently approved a law known as the “Junk Food Law” in order to regulate nutritional labeling for food products. The law will be mandatory for local and imported products, and its implementation will represent higher costs for producers and importers.

SECTION IV: BEST PRODUCT PROSPECTS

U.S. Agricultural Product Market Potential: Colombia is a fast-growing market for value-added food products. Surveyed retailers and food importers feel there is significant potential for new products in all food categories. Healthy and ethnic food categories are especially fast growing. Organic food products are a new trend, and retailers are searching for reliable suppliers. Based on 2015-2019 Colombian import growth rates, the following product categories represent major export opportunities for U.S. food products to Colombia. 2020 figures are not included in this chart, because the COVID-19 pandemic represents an unconventional shift in trends (chart 2).

Chart 2

Major Export Opportunities and Some Emerging Opportunities for U.S. Food Products

Product Category	2019 Import Value (\$ million)	5-Yr. Avg. Annual Import Growth	Key Constraints Over Market Development	Market Attractiveness for USA
Poultry Meat & Prods.	\$113.66	21%	<ul style="list-style-type: none"> Marketing campaign to increase Colombian chicken consumption 	<ul style="list-style-type: none"> Chicken per capita consumption increased from 18.3 kg/year in 2005 to 36.1 kg/year in 2019
Pork & Pork Products	\$236.11	18%	<ul style="list-style-type: none"> Marketing campaign to increase Colombian pork consumption Negative association of pork meat with human health 	<ul style="list-style-type: none"> Pork per capita consumption increased from 3.3 kg/year in 2005 to 11.2 kg/year in 2019
Dog & Cat Food	\$50.10	13%	<ul style="list-style-type: none"> Pet owners still feed pets with table scraps 	<ul style="list-style-type: none"> Growing pet ownership rates Increasing interest on pet food with nutritional benefits
Beef & Beef Products	\$31.59	11%	<ul style="list-style-type: none"> COVID-19 deeply affected foodservice, main beef customer Growing competition from Argentina and Uruguay Lack of product knowledge 	<ul style="list-style-type: none"> Willingness to pay higher prices for high-quality beef
Wine & Beer	\$135.61	10%	<ul style="list-style-type: none"> Preference for Chilean and Argentine wines Wine is mostly related to celebrations and holiday season 	<ul style="list-style-type: none"> Income shifts and urbanization benefit growth of wine sales

Top Consumer-Oriented Products imported by Colombia: Chart 3 demonstrates Colombia’s top five consumer-oriented product imports. Chart 3 is separated to distinguish between total consumer-oriented product imports and U.S. consumer-oriented product imports.

Chart 3

Colombian Top Five Consumer-Oriented Product Imports (Import value \$million)

From the World	2019	2020	From United States	2019	2020
Total	\$ 2,093.0	\$ 1,915.7	Total	\$ 796.4	\$ 631.8
Dairy Products	\$ 243.7	\$ 284.2	Pork & Pork Products	\$ 221.5	\$ 146.9
Soup & Other Food Preparations	\$ 279.2	\$ 223.7	Dairy Products	\$ 145.0	\$ 128.0
Fresh Fruit	\$ 164.8	\$ 161.8	Poultry Meat & Products	\$ 113.8	\$ 92.9
Pork & Pork Products	\$ 236.1	\$ 157.6	Prepared Food	\$ 75.9	\$ 61.4
Bakery Goods, Cereals, & Pasta	\$ 118.2	\$ 109.2	Dog & Cat Food	\$ 32.5	\$ 33.4

Source: Trade Data Monitor and GATS

Products Facing Significant Barriers: The introduction of new U.S. processed meat products has been affected due to the decreasing number of U.S. states that can issue Certificates of Free Sale (COFS) for those products. Per Resolution 2674 of 2013, the Colombian food safety authority INVIMA (Colombian FDA equivalent), requires importers to submit a COFS when registering a new food product for sale in Colombia. For further information on TRQs please check the following links: [COLOMBIA FTA final text](#) , [Colombia Rice Export Quota](#), [Colombia Poultry Export Quota](#)

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

Post contact information: The chart below provides FAS Bogota and APHIS Bogota contact information (chart 4).

Chart 4 Post Contact Information	
Office of Agricultural Affairs (OAA)	Animal Plant Health Inspection Service (APHIS)
U.S. Embassy, Bogotá, Colombia Telephone: (57-1) 275-4622 e-mail: AgBogota@usda.gov	U.S. Embassy, Bogotá, Colombia Phone: (57-1) 275-4572 e-mail: Roberto.Guzman@usda.gov

Regulatory agency contacts: The chart below provides information on Colombian government regulatory agency contacts (chart 5).

Chart 5 Colombian Government Contacts	
Phytosanitary and Zoosanitary Requirements	Food Product Registration and Health Permits
Ministry of Agriculture and Rural Development ICA Mariluz Villamil Sandoval Deputy Manager Animal Health Protection Tel. (57-1) 332-3700 ext. 1200 E-mail: mariluz.villamil@ica.gov.co Jaime Cárdenas Lopez Deputy Manager Plant Health Protection Tel: (57-1) 332-3700 ext.1300 E-mail: jaime.cardenas@ica.gov.co	Ministry of Health and Social Protection INVIMA Carlos Alberto Robles Director Division of Food and Alcoholic Beverages Phone: (57-1) 294-8700 Ext. 3920 E-mail: invimasal@invima.gov.co

Import Procedure: The chart below provides information on import regulations and requirements (chart 6). More information on Colombia’s import procedure is available at [FAIRS](#).

Chart 6 Import Policies		
Requirement	Regulation	Description
Food product registration	Resolution 2674 of 2013 Resolution 3168 of 2015 Resolution 719 of 2015	All food items intended for direct sale to final consumers in Colombia must be registered with INVIMA. Product registration is NOT required for: <ul style="list-style-type: none"> Natural food products that have not been subject to a transformation process (grains, fresh fruits and vegetables, etc.) Animal-origin food products (chilled/frozen) that have not been subject to any transformation process Products used as inputs by foodservice operators or food processors for food preparation or manufacturing
Importer Registration, Import Registration and Import Licensing	www.vuce.gov.co	Importers must be registered with MINCIT, and must obtain an “electronic signature” from the Ministry of Finance at the “Unique Window for Foreign Trade” (VUCE)
Minimum Description	Resolution 057 of 2015	Imported products shall comply with the “minimum description” requirements
Export Sanitary Certificates	Decree 2478	Importers must submit a “sanitary certificate”, issued by the food safety authority in the country of origin, for any batch or lot of “medium” or “high” risk food products imported into Colombia, including all animal-derived products such as dairy, seafood, meat and poultry

For additional information about exporting to Colombia, see [Exporter Guide](#).

Attachments:

No Attachments