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Voluntary Public

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Colombia

Post: Bogota

Free Trade Improves U.S. Liquor Sales in Colombia

Report Categories:

Export Accomplishments - Other

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Report Highlights:

FAS Colombia is writing a series of reports on the opportunities and challenges for U.S. agriculture under the U.S.-Colombia Trade Promotion Agreement (CTPA), which went into force in May 2012. Even though the CTPA opened up the market for U.S. alcoholic drinks (beer, wine and spirits), U.S. firms were generally unfamiliar with the Colombian market. To overcome this constraint, FAS Colombia in partnership with U.S. cooperators developed a series of successful activities to promote U.S. alcoholic beverages in Colombia that have shown results. Over the last two years, U.S. exports of wine increased by 152 percent to almost \$4.5 million in 2013 and U.S. exports of whisky increased by 83 percent to over \$683,000 in 2013. This upward trend is continuing in 2014. During the first five months of 2014, U.S. wine exports to Colombia increased by 13% while U.S. whiskey exports increased by 110%. While U.S. market share for alcoholic drinks is still small, and there are remaining market access issues, the potential for U.S. exporters is great. FAS Colombia will continue to work with our U.S. cooperator partners on promotional activities in the market.

General Information:

The Colombian market for alcoholic drinks offers tremendous potential for U.S. exporters. Consumption of alcoholic beverages grew by 6.3 percent from 2011 to 2013 to \$11.8 billion. This growth is due to an improving economy and burgeoning middle class. In fact, USDA estimates that over two million Colombian households will reach the middle class within 10 years. The CTPA adds to the market potential for U.S. exporters. Import duties on wine and beer declined from 20 percent to zero in 2012. Import duties on spirits, which were as high as 20 percent, will also decline over a ten year period and be phased-out by 2022.

Even though the CTPA offers opportunities for U.S. exporters, many U.S. firms are unfamiliar with the Colombian market. To overcome this constraint, FAS Colombia in partnership with U.S. cooperators (The California Wine Institute and The Distilled Spirits Council of the United States - DISCUS) has developed a dynamic marketing campaign to promote U.S. alcoholic drinks in the Colombian market. These events included several wine tastings, where importers of U.S. wine showcased their wines to the Colombian food service industry. FAS Colombia also supported a reverse trade mission organized by the California Wine Institute for a delegation of nine Colombians (sommeliers, journalists, restaurateurs and importers). The group visited fifteen wineries located in Napa and Sonoma valleys. We also organized an American Cocktail Night. There were over 60 attendees, including bartenders, sommeliers, bar and restaurant owners and importers. FAS Colombia in collaboration with DISCUS organized a reverse trade mission for six journalists and two importers to visit eight distilleries and also meet many small distillers in Kentucky and Tennessee. In addition, Post hosted a wine tasting at the Ambassador's residence where eleven importers showcased their American wines to executives from Colombian hotels and restaurants.

FAS Colombia's marketing efforts have been successful. Over the last two years, U.S. exports of wine increased by 152 percent to almost \$4.5 million in 2013 and U.S. exports of whisky increased by 83% percent to over \$683,000 in 2013. This upward trend is continuing in 2014. During the first five months of 2014, U.S. wine exports to Colombia increased by 13% while U.S. whiskey exports increased by 110%. While U.S. market share for alcoholic drinks is small, the potential for U.S. exporters is great. FAS Colombia will continue to work with our U.S. cooperator partners on promotional activities.

Media coverage:

<http://youtu.be/vttS3DVLLMw>

<http://www.youtube.com/playlist?list=PLdK0EUwfDc7sTnNKilfdZ4MwD4QZCjPMB>

Colombian journalists and importers visiting distilleries in Kentucky and Tennessee accompanied by FAS Colombia and DISCUS staff, September, 2014.



Below are two articles written by journalists who attended the whiskey tour. The first article was published in El Colombiano newspaper and the second one was published in El Espectador.



Colombian sommeliers, journalists, restaurateurs and importers visiting wineries in California,

accompanied by FAS Colombia and California Wine Institute staff, July, 2014.



Wine Tasting at the Ambassador's residence (09/10/2014):



Challenges:

While there are major opportunities for U.S. alcoholic beverages in Colombia, there are still significant barriers to trade. The main challenge for U.S. alcoholic beverages is related to national treatment and market access issues that include higher taxation for imported alcoholic beverages and constitutionally-allowed local government monopolies, which protect local production by installing barriers for imported alcoholic beverages to access local markets. These barriers include requiring a minimum sales price for imported liquor above the price of locally produced liquor; stalling or denying import license applications; and demanding insurance from importers not required of local producers. In addition, local governments require onerous seals on bottles and cans of imported alcoholic beverages. FAS Colombia will continue to work with the Colombian government and U.S. industry to remove these barriers.