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Colombia

Exporter Guide

Exporter Guide 2013

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Report Highlights:

In fiscal year (FY) 2013, total Colombian food and agricultural imports were valued at US\$6.1 billion. The United States exported US\$1.4 billion in agricultural products, about 25 percent of Colombia's total agricultural imports market share. Colombia is the third most important export destination of U.S. agricultural products in South America after Venezuela and Brazil. Colombia's total imports of consumer oriented products grew 9 percent in FY2013, led by U.S. exports, up 49 percent to \$445 million.

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I. Market Overview

Colombia is the third largest consumer of U.S. agricultural products in South America after Venezuela and Brazil. In Fiscal Year (FY) 2013, U.S. agricultural exports to Colombia were valued at US\$1.4 billion. Trade in U.S. agricultural products to Colombia has expanded as a result of the implementation of the CTPA. Colombia is eager for access to other markets and has signed Free Trade Agreements (FTAs) with various countries and trade blocs, such as Canada, the South American Common Market (MERCOSUR) and the European Union. Colombia is awaiting final legislative and judicial approvals of the FTA with South Korea and is currently negotiating FTAs with Costa Rica, Panama, and a larger trade bloc, the Pacific Alliance, which includes Chile, Peru and Mexico.

With an average 4.7 percent Gross Domestic Product (GDP) in the last ten years, and a rising GDP per capita, many Colombians have moved out of poverty and into the low and middle income classes. These income adjustments have resulted in more household disposable income and changes in eating patterns, such as shifting diets from vegetable to animal proteins -- poultry consumption has almost doubled in the last ten years, increasing demand for consumer-ready products and a growing number of fast food chains and restaurants to support urbanization and more dining outside the home. This has impacted the food industry sector dramatically with food manufacturers desperately seeking the raw materials to meet the demand of the changing consumer tastes and preferences. Colombia is a net importer of many food processing ingredients and trade opportunities abound.

In recent years, Colombia has been beset with various political, economic and weather phenomena that have negatively impacted production, making sourcing difficult for the food industry. A relaxation of trade restrictions between Colombia and Venezuela resulted in a significant increase of Colombian agricultural products entering Venezuela, up 54 percent in 2013. This creates significant opportunities for U.S. raw materials and food ingredients to support the growing Colombia-Venezuela trade relationship. Venezuelan imports of Colombian processed products include chocolate confectionary products, grits and starch grits and vegetable oils and its byproducts.

There is a growing domestic demand for higher quality confectionary products and ingredients are needed to complement a large cocoa producing industry to develop better quality chocolates and other candies. The production in chocolates is burdened by very volatile domestic prices of milk, cocoa and sugar, which have risen in recent years. In general, Colombia imports about 15 percent of glucose.

Although Colombia is a major producer and consumer of palm oil, Colombia imports significant quantities of the inputs needed for the fats and oils industry. In a given year, the fats and oils industry imports about 32 percent of unrefined soybean oils, 92 percent of unrefined sunflower oil and 87 percent of other unrefined oil seeds. For the milling, bakery and starches sector, sales of processed crackers, cookies, biscuits and chips increased in 2012 despite the high prices of raw materials like

cocoa, sugar and processed fruit. On the other hand, this sector benefited from lower prices of wheat and by innovation in packaging, flavors and healthier ingredients. Bread consumption has decreased due to low carbohydrate, “healthy eating” trends that have marginally changed food eating habits. The wheat milling and baking industry is rising to the challenge by conducting outreach campaigns to demonstrate that bread is a nutritional and healthy option for consumers, in addition to including new types of ingredients to capitalize on the trend. In 2012, the milling industry sourced 99 percent of raw materials from foreign suppliers, importing 71 metric tons of wheat flour in FY2013.

The feed sector is a key market for grains and oilseeds and continues to source most needs from foreign suppliers. The United States was a major supplier of feed needs for Colombia, but has lost significant market share to MERCOSUR countries, notably Argentina. The CTPA will improve opportunities for trade in coarse grains and oilseeds as Colombian buyers continue to seek high quality feed ingredients at reasonable prices. With a bumper U.S. corn harvest in the fall of 2013, prices have fallen dramatically, turning Colombian buyers towards the United States. In 2012, to meet domestic feed demand, Colombia imported significant quantities of coarse grains, oilseeds and meals, sourcing 85 percent of corn, 90 percent of soybeans, and 100 percent soybean meals from foreign suppliers.

Colombia’s total imports of consumer oriented products grew 9 percent in FY2013. The United States has taken the lead in import markets share of consumer oriented products from Chile, the historical leader in this agricultural product category. U.S. consumer oriented product exports were up 49 percent to \$445 million, followed by Chile (US\$344 million) and Brazil (US\$113 million). The table below provides more details on consumer oriented product trade trends.

FY 2013 Colombian Imports of Consumer Oriented Products by Country of Import

Country	Ranking	Import Value (US\$ Millions) FY2012	Import Value (US\$ Millions) FY2013	Change
Total		1,359	1,482	9%
United States	1	298	445	49%
Chile	2	344	334	-3%
Brazil	3	99	113	14%
Mexico	4	77	90	17%
Peru	5	75	70	-7%
Other countries		465	431	-7%

Source: Global Trade Atlas

Advantages and Challenges for U.S. Exporters

Advantages	Challenges
The U.S.-Colombia TPA expands opportunities and market potential for many agricultural products	Colombia has trade agreements with many other countries increasing competition for U.S. products

U.S. agricultural products have a reputation for high quality	Colombian per capita consumption for processed and semi-processed products is low, such as bread, compared to other Latin American markets
Colombia is the second largest agricultural trade destination for U.S. food product in South America	U.S. products will have to maintain the reputation of higher quality in order to be competitive with local food processing companies, guaranteeing a consistent and uniform supply of products year round
A strong Colombian peso against the U.S. dollar is favoring U.S. exports	Imported food product registrations are costly, ranging from \$1,000 to \$2,300 depending on the product
The growth of tourism and the hotel and restaurant sectors will require a greater array of raw materials and ingredients to make final products more appealing to foreigners and fast changing domestic consumer tastes and preferences	There is a cultural misperception that frozen products are unhealthy and lack quality
The growing lower and middle income population , specifically the youth and working women of Colombia, are stimulating new food consumer trends and a growth in processed foods	Internal transportation costs from ports of entry are costly due extremely poor infrastructure
Market opportunities for health foods and organic products are expanding after surveys showed that 51% of Colombians are overweight or obese and the GOC is implementing healthy living campaigns	Cold chain is deficient and Colombians have no clear understanding of this need to maintain product quality

II. Exporter Business Tips

It will be critical for U.S. exporters entering the Colombian market to best understand the customer's needs and how to meet their purchasing requirements and specifications, in addition to all standards and regulatory expectations of the GOC to avoid issues at ports of entry. Critical considerations for market entry include the following:

- Competition is based on quality, price and service;
- Innovative marketing strategies are imperative in order to penetrate the market;
- Social marketing techniques continue to be very strong, using sales to generate funding for social programs;
- U.S. suppliers should develop ways to meet the needs of the Colombian market through personal visits to better understand the market and identify needs of buyers and consumer trends;
- Use consolidation when exporting small amounts of product;
- Establish direct contact with hotel and restaurant chains;
- Develop business relationships with top executives like marketing directors, purchasing managers, and expose them to U.S. business practices;
- Participate in local trade and promotion shows, such as Alimentec, Agroexpo, Expovinos, Agrofuturo, and also be part of trade delegations;

- Many Colombian companies' representatives visit trade shows in the United States, such as Food and Beverage of the Americas and Fancy Foods Shows and these are great opportunities to meet and educate Colombian importers;
- Develop, to the extent possible, 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.

LEGISLATION

The basic piece of legislation dealing with food products and human health in Colombia is Law 9 of January 24, 1979 (see text of law on: www.invima.gov.co/normatividad/alimentos). All decrees and regulations produced since then are based on the above-mentioned Law.

Congressional Law 1122 of January 9, 2007 in article 34 establishes the food and feed safety regulatory roles for the Ministry of Health and Social Protection (MHSP) - National Institute for the Surveillance of Food and Medicines (INVIMA) and the Ministry of Agriculture and Rural Development (MARD) - Colombian Institute for Agriculture and Livestock (ICA).

The Government of Colombia (GOC) maintains control over imports through the Ministry of Commerce, Industry and Tourism (MOCIT). All responsibilities in dealing with Colombian foreign trade have been transferred to the MOCIT including the issuance of import licenses and the registration of imports. The GOC has increased INVIMA and ICA's inspection and food safety policy making role and would like to create more specific rules for products or groups of products that will facilitate trade.

The MARD Colombian Institute for Agriculture and Livestock (ICA) has regulatory authority over the production, manufacture and use of agricultural inputs (fertilizers, pesticides, seeds, etc.), feed, feed ingredients and non-processed agricultural commodities, as well as establishing and regulating Maximum Residue Limits (MRLs) for pesticide residues in both animal and plant products. ICA is also responsible for developing and implementing animal and plant health import requirements.

The MHSP National Institute for Food and Drugs Surveillance (INVIMA) is the regulatory authority responsible for regulating food safety and sanitary conditions of products destined for processing for human consumption. The GOC is committed to following internationally accepted guidelines, such as Codex Alimentarius, for developing food safety and animal and plant health import regulations.

ICA and INVIMA JURISDICTION

ICA	INVIMA
<i>Bulk Products:</i> wheat, corn, coarse grains, rice, soybeans, oilseeds, cotton, pulses, etc.	No jurisdiction.
<i>Intermediate Products:</i> soybean meal, live animals, hides & skins, feeds & fodders, planting seeds.	<i>Intermediate Products:</i> soybean oil, animal fats, sugar, sweeteners.
<i>Consumer Oriented Products:</i> fresh fruits and vegetables, pet	<i>Consumer Oriented Products:</i> meat and meat products, eggs, dairy products, processed fruits and vegetables, fruit and

food.	vegetable juices, confectionary products, prepared food, alcoholic and non-alcoholic beverages.
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IMPORT REQUIREMENTS

Labeling

Regarding labeling, imported food products must comply with Resolution 5109 of December 29, 2005 issued by the MHSP, which establishes technical standards for labeling of domestic and imported packaged food products and raw materials for food for human consumption.

The information must be provided in Spanish either on the label or on an authorized sticker/label affixed to the product. Whenever the imported product label is written in a language other than Spanish, a complementary label can be used to provide the information required by the MHSP. These labels can be affixed to the product during or after the nationalization process in warehouses or storage facilities inspected, surveyed and controlled by sanitary authorities.

Labeling regulations apply to products in chapters 2 through 21 (except chapter 13 and 14) of the tariff schedule. The Spanish text of Resolution 5109 can be downloaded from www.invima.gov.co/invima///normatividad/doc

Labeling requirements	
For <u>Food products</u>	For <u>Raw materials for food products</u>
<ul style="list-style-type: none"> • Name of the product. • List of ingredients in decreasing order of weight content. • Net content and drained weight in metric units (i.e., grams, kilograms). • Name and address of producer or processor. • Name and address of importer (in the case of imported products). • Lot identification or “L” to identify production date, expiration date, minimum shelf-life, etc. This information could be in numbers, numbers and letters, bars, punched data or grooves. • Each package must carry the expiration date and/or the minimum shelf-life in a legible, visible and indelible way. Also, labels must include information on product preservation. • Instructions for product use. • Sanitary registration number issued by INVIMA. 	<ul style="list-style-type: none"> • Name of the raw material. • List of ingredients. • Net content. • Name and address of the producer or importer. • Country of origin. • Lot identification. • Expiration date or minimum useful life. • Conditions for product conservation.

The above required information must be provided by the producer/manufacture and can be consigned to the product by the producer/manufacture, the importer or the distributor. No affixed sticker or label

is allowed for expiration date and/or minimum shelf-life (“Best before....”). This must be directly affixed to the packaging. When the product consists of, or contains any, of the listed food products or ingredients that may cause allergies, they must be declared with their specific names as follows:

- Breakfast cereals containing grain gluten (wheat, rye, oats, barley, spelt or any grain hybrid or product).
- Crustacean and their products.
- Eggs and by-products.
- Fish and fishery products.
- Peanuts, soybeans and their products.
- Milk and dairy products, including lactose.
- Nuts and derived products.
- Sulphites in concentration of 10 milligrams per kilogram or higher.

There are other specific labeling requirements in the case of radiated food products and/or food raw materials, biotechnology, dietary supplements, nutritional labeling, food containing trans or saturated fats and additives. It is worthy to mention that in the case of food additives, when a product is declared as being 100% natural, it cannot contain additives.

OTHER REGULATIONS AND REQUIREMENTS

Product Health Registration

All processed retail food items, including products imported in bulk for repackaging for retail use without further processing, must be registered and approved by INVIMA. According to Decree 3075 of 1997, product registration is NOT required for:

- Products that are not subject to any transformation, such as grains, fruits, fresh vegetable, honey, etc.
- Products of animal origin not subject to any transformation process.
- Products used as raw materials by the food industry or Hotel-Restaurant-Institutional (HRI) sector in food preparation.

After the submission of all required documentation, product registration by INVIMA takes about three working days. Most of the product registration process can be completed via the internet. After issuing the product registration, INVIMA analyzes the documents provided by the importer and may request additional information.

The INVIMA registration is valid for 10 years, but only for the applicant (exporter or importer) and the specified manufacturer. The INVIMA registration is valid only for the specifications (e.g., product description and size) mentioned in the registration. If another form or presentation of the same product is to be imported, the registering company needs to inform INVIMA in writing of the new product.

The INVIMA registration of processed foods requires: (1) completion of the registration form; (2) obtain a Certificate of Legal Representation; and, (3) obtain a Certificate of Free Sale stating that the products are approved for human consumption in the United States. This certificate needs to be issued by a U.S. government (state, local or federal) public health authority. Although not required, the INVIMA registration can be expedited if a description of the manufacturing process and a list of the

ingredients is submitted, including any additives, preservatives, and colorings/dyes.

Importer Registration, Import Registration and Import Licensing

Every Colombian importer must be registered with the MOCIT. U.S. exporters seeking to sell to a Colombian firm should ascertain that the Colombian importer has obtained the legal authority to import agricultural products by completing the MOCIT registration process.

Minimal Descriptions

Products entering Colombia shall comply with the minimal descriptions mentioned in Resolution 25 of February 21, 2013, issued by the National Department of Taxes and Customs (DIAN). The information requested in the resolution can be accessed from the product HS code, and must be provided in Spanish. For certain products where translation is not applicable, the product must be registered in the original language. See Resolution 25 of 2013 at <http://www.mincit.gov.co/documentos.php?id=326>

Sanitary Permit

Products used as raw materials by the food industry or HRI sector in food preparation do not need an INVIMA registration, but they do need a sanitary permit from the ICA and comply with the labeling regulations. ICA is responsible for the issuance of import SPS permits for animal products, fresh vegetables and fruits, grains, pet food and agricultural inputs, including seeds. GM seeds for planting must be approved by the inter-ministerial National Technical Committee in which ICA is a member. The import permit details the zoosanitary and/or SPS requirements.

The request for the zoosanitary certificate issued by ICA must come with complete information to avoid delays and possible rejections. The ICA authorities specifically request: Port of Departure (e.g. Miami, USA), Destination (complete address and city in Colombia), and Trip (e.g. Miami to Barranquilla, if travel is direct, or Miami to Dominican Republic to Barranquilla).

The Colombian importer must first obtain the import permit from ICA before requesting an import license from the MOCIT. The importer should provide the exporter with the ICA import permit so the U.S. Department of Agriculture (USDA) can reference the permit with bilateral compliance agreements. The USDA then issues a sanitary export certificate referencing the requirements in ICA's import permit. No shipments should be loaded and transported without the submission of the sanitary permit. Whenever ICA issues new import health requirements, Colombia must notify the WTO and allow a period for comment. Once implemented, both USDA Food Safety Inspection Service (FSIS) and the Animal Plant Health Inspection Service (APHIS) place the Colombian sanitary requirements on their respective web pages.

For ICA approval, the product must:

1. Come from a USDA inspected facility that is registered with INVIMA, although ICA maintains the approved list. Also, non-dairy and meat establishments must be registered with ICA;
2. Be free of disease;
3. Be inspected by USDA prior to its shipment and include the USDA health export certificate;

and,

4. Be inspected by an ICA veterinarian upon arrival in Colombia. Usually the shipment is inspected at the port by both INVIMA and ICA to verify the compliance with the import regulations and sanitary requirements.

Health Certificates

The health certificates must be issued by a competent authority involved in food safety regulation, including federal, state and, in some cases, municipal entities. The health certificate must state that the food products in the shipment are suitable for human consumption. Products referred to as “high risk” in Article 3, Decree 3075 of 1997 need to present the certificate of the following federal authorities: FSIS and/or FDA.

For those groups of foods and raw materials that are not considered “high risk”, INVIMA requires the following documentation/information to be included with the shipment: suitability of the product for human consumption; manufacturer’s name; name of the exporting country; product name; and batch identification. Such information can be obtained through the Certificate of Free Sale issued by the competent authority and supported with a manufacturer’s quality statement and/or analysis certificate that identifies the product names and batch or lot identification.

Export Establishment Registration

Colombia and the United States have an agreement that provides import eligibility of meat and poultry products with a packaging origin from any USDA federally inspected establishment. The GOC will only recognize those establishments that are listed in the USDA FSIS Meat and Poultry Inspection Directory. As well, beef products must also originate from establishments approved under the USDA Agricultural Marketing Service Export Verification Program (EV).

In order to register with INVIMA, exporting establishments must provide the following information:

- Country of Origin
- Establishment Name
- Establishment Number
- Address
- Products that will be exported to Colombia
- Email address

III. Market Sector Structure and Trends

In recent years, the Colombian food industry has undergone unprecedented consolidation and structural change through mergers, acquisitions, divestitures and new foreign competitors entering the market. This widespread consolidation in the retail, Hotel-Restaurant-Institutional and food processing industry was driven by expected efficiency gains from economies of scale, resulting in significant impacts on market share and food prices. As well, internet e-commerce sales are becoming more popular and direct marketing through credit card promotions, flyers, polls, and sales calls to either home or office sites

including home delivery service, are also growing popularity. It is also important to note that distribution channels have become more efficient with the increased presence of foreign competitors.

According to the Colombian Department of Statistics (DANE), in 2012 the Colombian food industry grew at 2.24 percent. Food exports fell 3.24 percent at the expense of imports, up 23.8 percent. A survey by the private sector advocacy organization, Colombian Industry Association (ANDI), found that the principal threats to the Colombian food industry are the strong Colombian peso and contraband products crossing the eastern and southern borders. For the domestic oils and fats sector, sales decreased 1.7 percent in 2012 due allegedly to growing contraband trade. The fats and oils industry estimates that contraband competition supplies about 30 percent of the domestic market.

Sauces, Dressings and Condiments: There are two main trends in this sub-sector: brand penetration and innovation in product and packaging. Consumers are buying more branded products based on uniform quality at reasonable prices. In general, Colombian consumers are loyal to traditional brands and demand healthier products like low fat sauces. The leading company in this category of branded products is Unilever followed by Quila Colombia.

Canned / Preserved Food: This category of food product is increasing in popularity due to urbanization, income shifts and convenience. For canned goods, Colombians are primarily consumers of canned tuna, but the market for other canned / preserved products, such as beans, tomatoes and soups is expanding. The leading canned/preserved food company is Seatech International.

Frozen Processed Food: Urbanization and dual income households have significantly expanded the market for frozen meals, meat, fruits and vegetables. In 2012, sales of frozen processed food slightly grew at 3 percent. Most preferred products by consumers are frozen processed potatoes, frozen ready to eat meals, frozen pizza and frozen vegetables. There is a cultural stigma that frozen food is less flavorful and has a lower level of quality than fresh alternatives; nevertheless, that misperception is gradually diminishing with expanded promotional events and activities. Market opportunities for these products are mostly for the institutional sector and also target to single-person households.

Dairy: Colombia is the fourth largest dairy producer in Latin America. Imports are mostly whey protein and milk cream concentrate containing added sweetening and other product ingredients, such as casein. Competition in this sector includes Argentina, Chile and Ecuador. Domestic consumption of dairy products has increased due to promotional efforts that appeal to changes in consumption patterns as a result of urbanization and income shifts. Milk production reached 6 million liters in 2012; however, this sector is mostly informal. The dairy manufacturing sector in Colombia includes domestic and multinational companies, such as Nestle, Parmalat and Danone, and domestic brands Alpina, Colanta and Alqueria.

Bakery: Bread is common in Colombia; nevertheless, consumption is low compared to other Latin American countries at 23 kilograms per capita. There is a perception among Colombians that bread is not very nutritional and is related to weight gain. In addition, there is a lack of innovation in the bakery sector, although high-end, gourmet bakeries have increased in popularity where most ingredients are sourced internationally. Typical bakeries are small, family businesses, which manufacture about 40 percent of bread production throughout the country. There are over 12,000 traditional, small bakeries in Colombia's major cities, according to the latest government survey on the sector. Only 20 percent is

sold by retailers that offer branded products. The branded bread companies include, Bimbo de Colombia, Colombiana de Pan (Colpan), Compañía Manufacturera de Pan (Comapan), Comercializadora de Pan, Repostería y Confitería (Santa Clara), Nestle and Nutresa. These companies produce various types of bread products that differ from traditional bakeries and specialize in buns for hamburgers and hot dogs, in addition to sliced bread, pre-made toast, cakes and brownies.

Chilled Processed Food: Chilled meat and poultry products are more in demand by urban consumers. According to Euromonitor, most of the Colombian chilled processed food market is in processed meats or poultry and a minor share for chilled, ready-to-eat meals. Nutresa leads in this category with 60 percent market share.

Oils and Fats: Colombia is a major producer of palm oil, and thus a major consumer of palm cooking oil. Other vegetable oils and fats have shown consistent growth in the recent years. Vegetable and oil seed derived oils comprise 91 percent of the import market share, followed by margarines (3%) and cooking fats (2.6%).

Confectionery: The confectionery industry is an economic engine in Colombia, generating more than 25 thousand jobs with a strong history of production and exports. The industry regularly sources raw materials from foreign suppliers, including dairy products and glucose. Although the sector has made efforts in order to innovate and offer a greater variety of candies and chocolates, competition from imports are strong. Nutresa leads the sector, followed by Colombina.

TOP 10 COLOMBIAN FOOD MANUFACTURERS

COMPANY	SECTOR	2012 SALES (US\$ millions)
Colanta	Dairy	905.58
Alpina	Dairy	764.83
Nestle de Colombia	Dairy	684.60
Alimentos Carnicos	Meat Products	596.45
Colombina	Confectionary	619.26
Incauca	Sugar Milling	393.13
Quala	Other food products	383.81
Riopaila	Sugar Milling	382.17
Arroz Diana	Rice Milling	365.97
Alqueria	Dairy	340.92

Source: La Nota Economica

Beverages: The beverage sector is expanding focus on flavored water and teas, emphasizing vitamin fortified juices with less sugar content. Per capita consumption of non-alcoholic beverages is still low at 131.4 liters per year, slightly lower than neighboring countries. The preferred beverages are sodas, with a per capita consumption of 55 liters per year.

Women are becoming an important niche market for alcoholic beverages, demanding more sophisticated drinks and flavors. Beer remains the most highly demanded alcoholic beverage and consumption is satisfied through domestic production and imports. Per capita beer consumption is

about 44 liters per year. The extensive growth of wine sales in Colombia in recent years can be attributed to income shifts and urbanization. Colombian imports of U.S. wine have increased dramatically after CTPA implementation due to zero tariffs, up 68 percent in FY2013. *Aguardiente* is the national liquor in Colombia and is only produced by domestic public/private ventures in specific regions of Colombia. The primary source of whiskeys is the United Kingdom, although consumer interest in U.S. bourbons and other sprits is growing.

TOP 10 COLOMBIAN BEVERAGE COMPANIES

COMPANY	SECTOR	CY 2012 SALES (US\$ millions)
Bavaria	Beer	1,192.62
Coca-Cola Femsa	Soda and juice	1,024.41
Postobon	Soda and juice	498.53
Cerveria Union	Beer	388.38
Cerveceria del Valle	Beer	369.84
Big Cola	Soda and juice	282.57
Gaseosas Lux	Soda and juice	267.37
Licores de Antioquia	Liquors	252.53
Gascol	Soda and juice	220.12
Hipinto	Soda and juice	193.23

Source: La Nota Economica

Urbanization and the Retail Transformation: Colombia is the third most populated country in Latin America after Brazil and Mexico. Of the 47 million inhabitants, about 75 percent reside in urban areas. Colombia is atypical of Latin America with decentralized urban centers and four cities with over one million residents: Bogota, Medellin, Cali and Barranquilla. Urbanization is growing at a consistent 2 percent per year, stimulating changes in lifestyles and eating patterns. Urban households in Colombia are becoming more typically dual income, resulting in an increasing demand for food and shopping convenience. Western style, large supermarkets are part of a noteworthy retail transformation in the last decade with major, domestic and international grocery chains opening new stores, of varying sizes, at intense rates. For example, CENCOSUD of Chile recently purchased the Carrefour-Colombia subsidiary, establishing the retail chains Jumbo and Metro in the major Colombian urban centers. The U.S. retail chain Pricesmart has also established a presence in Colombia opening three stores – two in Cali and one in Barranquilla, in the past two years. Pricesmart will be expanding to Medellin and Bogota in the near future.

TOP 5 COLOMBIAN RETAILERS

COMPANY	OWNERSHIP	CY 2012 SALES (US\$ millions)	NUMBER OF STORES
Grupo Exito	France – Colombia	4,954	427
CENCOSUD	Chile	2,110	42
Supertiendas y Droguerías Olimpica	Colombia	1,883	217

Alkosto	Colombia	1,489	11
La 14	Colombia	686	23

Source: *La Nota Economica*

IV. BEST PRODUCT PROSPECTS

U.S. Agricultural Product Market Potential

Consistent 4 percent GDP growth and a rising per capita income have lead to increased demand for fast food restaurants and ready-to-eat food products. Also, the strong Colombian peso against a weaker U.S. dollar has reduced the price of foodstuffs imported from the United States. Colombia is already an important market for America's farmers and ranchers. In FY2013, the United States exported \$1.4 billion of agricultural products to Colombia. Top U.S. agricultural exports were wheat, feeds and fodders, soybeans, and soybean meal.

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 new and fast growing. Wines and gourmet products are penetrating the market with excellent results. Organic food products are a new trend and retailers are searching for the best suppliers.

The following products categories represent the major export opportunities and some emerging opportunities for U.S. food products to Colombia with zero duties:

Bulk Commodities	Intermediate Products	Consumer-Oriented
wheat	soybean meal	pastry and dessert mixes
barley	soybean oil	spices
dried beans and lentils	DDGS	condiments (except mayonnaise)
cotton	vegetable oils	frozen vegetables
soybeans	feeds and fodders	premium beef cuts
peanuts	wheat flour	processed turkey
		beer
		wine
		nuts
		soup preparations
		lamb
		fresh fruits
		healthy food products
		processed vegetables

Below is the CTPA TRQ schedule according to agricultural product or bulk commodity:

Product	Base Duty	TRQ (MT) 2014	TRQ Annual Increase	Phase Out Period	Safeguard Trigger Level
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Yellow Corn	25%	2,315,250	5.0%	12 years	
White Corn	20%	150,491	5.0%	12 years	
Rice	80%	86,270	4.5%	19 years (6 of grace)	120% of TRQ
Sorghum	25%	23,153	5.0%	12 years	
Dried Beans	40.2%	17,364	5.0%	10 years	130% of TRQ
Animal Feeds	10%- 25%	214,161	5.0%	12 years	
Pet Food	28%	10,078	8.0%	8 years	
Chicken Leg Quarters	70%	29,246	4.0%	18 years (10 of grace)	130% of TRQ
Poultry Parts	164.4%			18 years (5 of grace)	
Spent Fowl	20%	437	3.0%	18 years	130% of TRQ
Standard Quality Meat	51.2%	2,315	5.0%	10 years	140% of TRQ
Variety Meats	51.2%	5,167	5.5%	10 years	
Pork Meat	30%	Unlimited		5 years	
Crude Soybean Oil	24%	33,746	4.0%	10 years	
Glucose	28%	11,576	5.0%	10 years	
Milk Powder	33%	6,655	10.0%	15 years	
Cheese	20%- 33%	2,795	10.0%	15 years	
Yogurt	20%	133	10.0%	15 years	
Butter	33%	666	10.0%	11 years	
Processed Dairy Products	20%	1,331	10.0%	15 years	
Ice Cream	20%	399	10.0%	11 years	
Maple Syrup	5%	Unlimited		5 years	

For further information please check the following link:

<http://www.ustr.gov/trade-agreements/free-trade-agreements/colombia-fta/final-text>

RICE - <http://www.col-rice.org/>

POULTRY - <http://www.colom-peq.org/>

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