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Colombia

Exporter Guide

Trade Agreement Shows Success

Approved By:

Michael Conlon, Agricultural Counselor

Prepared By:

Benjamin Rau, Agricultural Attaché

Ana María Salinas, Marketing Specialist

Report Highlights:

In Fiscal Year (FY) 2017 (October to September), total Colombian food and agricultural imports were valued at \$5.6 billion. The United States exported \$2.6 billion in agricultural products, about 46 percent of Colombia's total agricultural import market share. Colombia is the leading destination for U.S. agricultural exports in South America, followed by Peru, Brazil and Chile. Colombia's total imports of consumer oriented products increased 8 percent in FY2017, led by U.S. exports, up 12 percent to \$573 million. There are no major changes regarding legislation for exporting to Colombia.

Post:

Bogota

Author Defined:

I. Market Overview

Colombia is the leading destination for U.S. agricultural exports in South America, followed by Peru, Brazil and Chile. In FY 2017, U.S. agricultural exports to Colombia were valued at \$2.6 billion. Trade in U.S. agricultural products to Colombia has expanded as a result of the U.S.-Colombia Trade Promotion Agreement (CTPA), implemented in May 2012. 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), the European Union, South Korea, Costa Rica and a larger trade bloc, the Pacific Alliance, which includes Mexico, Peru and Chile. Colombia is awaiting final legislative and judicial approvals for FTAs with Israel and Panama.

Colombian Gross Domestic Product (GDP) grew at two percent in 2016, slower than previous year growth rates, but still higher than other Latin American economies. Millions of 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 has stimulated growth in fast food chain restaurants. This has impacted the food industry sector dramatically with food manufacturers desperately seeking a variety of high quality raw materials to adapt to changing consumer tastes and preferences.

Colombia is a net importer of many food processing ingredients and trade opportunities abound. For example, there is a growing domestic demand for higher quality confectionary products and ingredients are needed to complement a large chocolate producing industry to develop better quality chocolates and other candies.

Even though Colombia is a major producer and consumer of palm oil, the Colombian fats and oils sector must still import significant quantities of unrefined soybean oil, sunflower oil, and other oil seeds to meet industrial demand. The milling sector bakery and starches sector has benefited from 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.

The feed sector is a key market for grains and oilseeds and continues to source most needs from foreign suppliers. The United States is a major supplier of feed needs for Colombia. 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.

Colombia's total imports of consumer oriented products grew eight percent in FY2017. The United States has replaced Chile as the leader supplier of consumer oriented products. U.S. consumer oriented product exports were up 12 percent to \$573 million in FY2017, followed by Chile (\$248 million) and Brazil (\$141 million). Consumer-oriented products account for upwards of 22% of the distribution of

U.S. agricultural trade to Colombia. The table below provides more details on consumer oriented product trade trends.

FY2017 Colombian Imports of Consumer Oriented Products by Country of Import

Country	Ranking	Import Value FY2016 (million dollars)	Import Value FY2017 (million dollars)	Change
Total		1,746	1,888	8%
United States	1	512	573	12%
Chile	2	237	248	4%
FTZ – FEMSA [1]	3	150	161	7%
Brazil	4	110	141	28%
Mexico	5	159	157	-2%
Other countries		577	609	6%

[1] Free Trade Zone

Source: Global Trade Atlas

Advantages and Challenges for U.S. Exporters

Advantages	Challenges
The U.S.-Colombia CTPA expands opportunities and market potential for many agricultural products.	Colombia has trade agreements with many other countries increasing competition with 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. For example bread consumption (24kg/year) is low compared to other Latin American countries.
Colombia is the 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.
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 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 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 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 understand the customer's needs and how to meet their purchasing requirements and specifications. Additionally, it will be important to understand all Colombian standards and regulations to avoid issues at ports of entry. Critical considerations for market entry include the following:

- Competition is based on quality, price and service;
- Direct to consumers marketing strategies are imperative in order to penetrate the market, such as cooking demonstrations, tastings, among others;
- Social responsibility 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 and Expovinos, and also be part of trade delegations;
- Many Colombian companies' representatives visit trade shows in the United States, such as the American Food and Beverage Trade Show and the Fancy Food Winter/Summer Shows, which 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: https://www.invima.gov.co/images/stories/normatividad/ley_9_1979.pdf). 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 GOC maintains control over imports through the Ministry of Commerce, Industry and Tourism (MinCIT). All responsibilities in dealing with Colombian foreign trade have been transferred to the MinCIT 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 plans to create more specific rules for products or group of products that will facilitate trade.

ICA has the regulatory authority over the production, manufacturing 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.

INVIMA is the regulatory authority responsible for regulating food safety and sanitary conditions of products sold directly or indirectly 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.	<i>Bulk Products:</i> wheat, corn, rice, pulses, etc.
<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 food.	<i>Consumer Oriented Products:</i> meat and meat products, eggs, dairy products, processed fruits and vegetables, fruit and vegetable juices, confectionary products, prepared food, alcoholic and non-alcoholic beverages.

IMPORT REQUIREMENTS

Labeling

Imported food products must comply with Resolution 5109 of December 29, 2005 and Resolution 333 of 2011, 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.

Food products imported into Colombia to be sold to the food service and processing sectors are only required to provide all the labeling information on the boxes that contain individual packages.

The information must be provided in Spanish either on the label or on an authorized sticker/label affixed to the product. Whenever the label on the imported product is written in a language other than Spanish, an additional label can be used to provide the information required by Resolutions 5109 and 333. 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 regulation applies 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

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 shelf life; • Conditions for product conservation.

The above required information must be provided by the producer/manufacturer, importer or 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. In the case of food additives, when a product is declared as being 100% natural, it cannot contain additives.

OTHER REGULATIONS AND REQUIREMENTS

Product Sanitary Registration

Most food products intended for direct sale to final consumers in Colombia must be registered with INVIMA, which is responsible for the issuance of “sanitary registration”. According to Decree 3075 of 1997, product registration is NOT required for:

- Natural food products that have not been subject to any transformation process, such as grains, fresh fruits and vegetables, etc.
- Animal-origin food products (chilled/frozen) that have not been subject to any transformation process.
- Products used as raw materials by industry or the foodservice operators for food preparation.

A transformed product is defined by the GOC as one subject to processing, which results in a significant change in its internal structure.

Most of the product registration process can be completed online. After issuing the product registration, INVIMA analyzes the documents provided by the importer and may request additional information. Product samples may also be taken from the shelf to conduct laboratory tests.

The MHSP, through Resolution 719 of 2015, set an official classification of food products for human consumption based on their risk to public health. Additionally, Resolution 2674 of 2013 establishes three types of product registrations based on the registered product risk to public health and sets the respective periods of validity:

1. Product registrations for high risk products are valid for 5 years;
2. Product permits for intermediate risk products are valid for 7 years; and,
3. Product notifications for low risk products are valid for 10 years.

INVIMA’s registration process requires, among other things, the following: (1) completion of the registration form; (2) obtain a Certificate of Legal Representation; and, (3) obtain a Certificate of Free Sale assuring that the products are authorized 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. Regarding the certificate of legal representation, it is very common to see the local Colombian importer applying for product registration before INVIMA. However, FAS-Bogota recommends that the U.S. exporter seeks legal representation from a third party (e.g. attorney), which would allow them to keep their ability to change importers if they chose to.

Importer Registration, Import Registration and Import Licensing

Every Colombian importer must be registered with the MinCIT. U.S. exporters seeking to sell to a Colombian importer should verify that the importer has obtained the legal authority to import agricultural products from the MinCIT.

Minimum 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 using the product HS codes, 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=31> .

Plant and Animal Health Permits

Unprocessed food used as raw materials by the food manufacturing industry or foodservice sector for food preparation do not need an INVIMA sanitary registration; however, they do need health permits from 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 and organic food. These permits come in the of phyto or zoosanitary certificates, which need to be issued prior to the issuance of phyto or zoosanitary USDA export certificates.

The request submitted by the Colombian importer to obtain ICA zoosanitary certificates must be accompanied by all required documentation to avoid delays and possible rejections. 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 MinCIT. 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. USDA then issues a sanitary export certificate referencing the requirements in ICA's import permit. No shipments should be loaded and transported without the issuance of both governments' certificates. Whenever ICA issues new import health requirements, Colombia must notify the WTO and allow a period for comment. Once implemented, both USDA's 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.

Sanitary Certificates

Decree 539 of 2014 issued by the MHSP establishes import requirements at ports of entry (POE) including: 1) Preliminary import approval issued by INVIMA through the VUCE, following the guidelines of Decree 4149 of 2004, and Decree 2078 of 2012; 2) product health registration; 3) foods that are exempt of product health registration must complete the INVIMA form for food raw materials.

Furthermore, Decree 539 of 2014 established that importers of processed and unprocessed food (except for unprocessed meat) classified as medium or high risk (Resolution 719 of 2015) must submit a “sanitary certificate” upon arrival in Colombia. This certificate must be issued by a competent food safety authority in the country of origin. For “low risk” products, importers must submit certificates of free sale. Resolution 719 provided a list of over 160 food products and classified nearly 80% of them as medium or high risk, including canned fruits and vegetables, juices, frozen food, sodas, etc. This created multiple port delays and rejections in 2015 and 2016 as for most of these products there was no U.S. federal authority that could issue “sanitary certificates.”

FAS-Bogota was able to have INVIMA provide an alternative way of meeting this new requirement. For non-animal derived products (of low, medium, or high risk), INVIMA may consider, in the absence of a U.S. competent authority that could issue a sanitary certificate, a state-issued certificate of free sale and a letter from the manufacturer describing the shipment (lot numbers, expiration dates, production dates and other traceability information).

It should be noted that since May 1, 2017 dairy products produced in the United States and exported to Colombia must obtain a sanitary export certificate from USDA’s Agricultural Marketing Services (USDA-AMS). For dairy products imported into the United States and then exported to Colombia, exporters need to obtain “sanitary certificates” from USDA’s Animal and Plant Health Inspection Service (USDA-APHIS).

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;
- Email address;
- Products that will be exported to Colombia with their HS code;
- Preservation mode (e.g. chilled or refrigerated).

Information should be sent to INVIMA to:

Dirección de Alimentos y Bebidas
Carrera 10 No 64 -28
Bogotá D.C.- Colombia

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 (HRI) and food processing industries 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 in popularity. It is also important to note that distribution channels have become more efficient with the increased presence of foreign competitors.

Bad dietary habits are a big issue for the country since they are associated to overweight and heart diseases. Obesity affects over 50% of Colombian adult population. Although it is still low in children compared to other Latin American countries, it is growing, mainly among teenagers. Heart conditions are the leading cause of death in the country. Government of Colombia (GOC), specifically the Ministry of Health (MOH), has developed the National Strategy on the Reduction of Sodium Intake; in addition, some initiatives regarding advertising for children food products are becoming popular. Food manufacturers have positively reacted by developing healthier products and promoting healthier lifestyles.

Sector Trends

Sauces, Dressings and Condiments: There are two main trends in this sub-sector: brand penetration and innovation in products and product 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 such as canola and olive oil mayonnaise and sauces for Asian food preparations like soy and teriyaki sauce and BB-Q sauce for ribs. The leading company in this category of branded products is Unilever followed by Quila Colombia and Nestlé.

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. 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 single-person households.

Dairy: Colombian imports are mostly cream, whey protein, milk powder and other product ingredients, such as casein. Competition in this sector includes Mexico, Bolivia and France. 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. In addition, innovation in packaging has benefited

dairy product consumption. Colombian milk production reached 6.4 million liters (1.7 million gallons) in 2016; 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 consumption per capita is still low at 24 kilograms (50 pounds), compared to other Latin American countries, such as Chile (98 kilograms / 216 pounds), Argentina (82 kilograms / 180 pounds) and Uruguay (55 kilograms / 121 pounds). 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 sector survey. Although only 20 percent is sold by retailers that offer branded and private label products, their market share keeps increasing due to innovation in products and packaging.

The branded bread companies include, Bimbo de Colombia, Productos Ramo, Compañía Manufacturera de Pan (Comapan) and Industrias Santa Clara, among others. 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. They have launched new products such as artisanal bread and bread with grains and seeds in order to meet the demand of consumers looking for healthier products.

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; however preference for chilled processed food has always been higher than for frozen products. Chinese and Italian preparations are preferred by consumers when buying ready-to-eat-meals decision arises. The Colombian firm Grupo Nutresa leads in this category with 60 percent market share.

Oils and Fats: Colombia is a major producer of palm oil. Olive oil as well as rapeseed oil has shown growth in sales due to consumer increasing preference for healthier oils. Team Foods Colombia leads the sector offering soybean, sunflower and olive oil.

Confectionery: The confectionery industry is an economic engine in Colombia, generating more than 25,000 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. Two domestic firms, Grupo Nutresa and Colombina, lead the sector over multinationals, such Ferrero, Cadbury and Nestlé.

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 (34.71 gallons) per year, slightly lower than neighboring countries. The preferred beverages

are sodas, with a per capita consumption of 55 liters (14.53 gallons) per year.

Women are becoming an important niche market for alcoholic beverages, demanding more sophisticated drinks and flavors. Beer is the most highly demanded alcoholic beverage. Per capita beer consumption is about 44 liters per year (11.62 gallons). The extensive growth of wine sales in Colombia in recent years can be attributed to income shifts and urbanization. Wine sales continue to grow but at a slower pace due to higher taxes and strict prohibition to drive under alcohol effects. Main wine suppliers still are Argentina and Chile. *Aguardiente* is the national liquor preferred by Colombians and is only produced by monopolistic public/private ventures in specific regions of the country. The primary source of whisky is the United Kingdom, although consumer interest in U.S. whiskeys and bourbons is growing.

TOP 10 COLOMBIAN FOOD AND BEVERAGE COMPANIES

COMPANY	SECTOR	2016 Sales (million dollars)
Bavaria	Beverage manufacturer	1,990
Colanta	Food manufacturer	679
Coca Cola	Beverage manufacturer	623
Quala	Food manufacturer	605
Alpina	Food manufacturer	583
Alimentos Cárnicos	Food manufacturer	544
Postobon	Beverage manufacturer	513
Nestlé	Food manufacturer	499
Colombina	Food manufacturer	472
Organización Florhuila	Food manufacturer	440

Source: Dinero Magazine

Urbanization and the Retail Transformation: Colombia is the third most populated country in Latin America after Brazil and Mexico at 49.5 million inhabitants. About 79 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 (8.0 million), Medellin (2.5 million), Cali (2.4 million), Barranquilla (1.2 million) and Cartagena (1.0 million). Urbanization is growing at a consistent two 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. Over the past seven years, the U.S. retail chain PriceSmart has developed a significant presence in Colombia, opening a total of seven stores in the country; Cali (two stores), Barranquilla, Bogota (two stores), Pereira and Medellin. Discount stores have increased market share and continue opening outlets throughout the country offering wide private label portfolios cheaper than traditional grocery chains. Koba-D1 now has over 600 outlets; Justo y Bueno has over 450 outlets while Ara has over 370 throughout the country

TOP 5 RETAILERS IN COLOMBIA

COMPANY	2016 SALES (million dollars)	Number of Stores
Almacenes Exito	3,815	566
Olímpica	1,744	339
Alkosto	1,627	13
Cencosud	1,308	111
D1	702	+600

Source: Various online sources

IV. BEST PRODUCT PROSPECTS

U.S. Agricultural Product Market Potential

Colombian Gross Domestic Product (GDP) grew at two percent in 2016, slower than previous year growth rates, but still higher than other Latin American economies. Colombia is already an important market for America's farmers and ranchers. In FY2017, the United States exported \$2.6 billion of agricultural products to Colombia. Top U.S. agricultural exports were corn, soybean meal, soybeans, wheat and pork and pork products.

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 or reduced duties:

Bulk Commodities	Intermediate Products	Consumer-Oriented
Corn (up to quota)	Soybean meal	Milk powder
Rice (up to quota)	Vegetable oil	Cheese
Soybeans	Potato flakes	Milk albumin
Lentils	Yeasts	Duck
Peanuts	Sugars and sweeteners	Turkey
Dry beans (up to quota)	Soybean oil	Preserved vegetables
Wheat	Glues based starch	Bone-in beef cuts
Chickpeas		Bovine livers
		Tree nuts
		Vinegar
		Soy sauce
		Processed fruit
		Sugar confectionery
		Tea
		Cranberry juice

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

Product	Base Duty	TRQ (MT) 2018	TRQ Annual Increase	Phase Out Period	Safeguard Trigger Level
Yellow Corn	25%	2,814,201	5.0%	12 years	
White Corn	20%	182,923	5.0%	12 years	
Rice	80%	102,878	4.5%	19 years (6 of grace)	120% of TRQ
Sorghum	25%	28,142	5.0%	12 years	
Dried Beans	40.2%	21,106	5.0%	10 years	130% of TRQ
Animal Feeds	10%-25%	260,314	5.0%	12 years	
Pet Food	28%	13,711	8.0%	8 years	
Chicken Leg Quarters (fresh, chilled, frozen)	164.4%	34,214	4.0%	18 years (5 years of grace)	130% of TRQ
Processed chicken leg quarters	70%			18 years (10 years of grace)	
Spent Fowl	20%	492	3.0%	18 years	130% of TRQ
Standard Quality Beef	51.2%	2,814	5.0%	10 years	140% of TRQ
Variety Meats	51.2%	6,401	5.5%	10 years	
Pork Meat*	30%	Unlimited		5 years	
Crude Soybean Oil	24%	39,478	4.0%	10 years	
Glucose	28%	14,071	5.0%	10 years	
Milk Powder	33%	9,744	10.0%	15 years	
Cheese	20%-33%	4,092	10.0%	15 years	
Yogurt	20%	195	10.0%	15 years	
Butter	33%	975	10.0%	11 years	
Processed Dairy Products	20%	1,949	10.0%	15 years	
Ice Cream	20%	584	10.0%	11 years	
Maple Syrup*	5%	Unlimited		5 years	

*As of 2017, pork meat and maple syrup are free of duty as a result of the CTPA TRQ phase-out.

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/>

V. Post Contact and Further Information

RELATED REPORTS

Check following link:

<http://gain.fas.usda.gov/Pages/Default.aspx>

POST CONTACT INFORMATION

Office of Agricultural Affairs
U.S. Embassy, Bogotá, Colombia
Carrera 45 No. 24B-27
Bogotá, Colombia
Telephone: (57-1) 275-4622
Fax: (57-1) 275-4525
e-mail : AgBogota@fas.usda.gov

USDA Foreign Agricultural Service (FAS)
U.S. Embassy, Bogota, Colombia
Phone: (57-1) 275-2033
e-mail: Michael.conlon@fas.usda.gov

USDA Animal Plant Health Inspection Service (APHIS)
U.S. Embassy, Bogotá, Colombia
Phone: (57-1) 275-4572
Fax: (57-1)275-4571
e-mail: Roberto.Guzman@aphis.usda.gov

COLOMBIAN GOVERNMENT CONTACTS

Phytosanitary and Zoosanitary Requirements:

Ministry of Agriculture and Rural Development
Colombian Institute for Agriculture and Livestock (ICA)
Avenida Calle 26 # 85b – 09
Bogotá, Colombia

Luis Amancio Arias
Technical Director of Animal Quarantine
ICA -Instituto Colombiano Agropecuario
Avenida Calle 26 # 85b – 09
Bogotá, Colombia
Tel. (57-1) 332-3700 ext. 1160

e-mail: amancio.arias@ica.gov.co _

Wilkien Ramirez
National Coordinator of Plant Quarantine
ICA -Instituto Colombiano Agropecuario
Avenida Calle 26 # 85b – 09
Bogotá, Colombia
Tel: (57-1) 332-3700 ext.1166
E-mail: wilkien.ramirez@ica.gov.co

Food Product Registration and Health Permits:

Ministry of Health and Social Protection

National Institute for the Surveillance of Food and Medicine (INVIMA)
Director Division of Food and Alcoholic Beverages
Sergio Alfonso Troncoso
Carrera 10 No 64 -28
Bogotá, Colombia
Phone: (57-1) 294-8700 Ext. 3920
E-mail: stroncosor@invima.gov.co