

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Colombia

Exporter Guide

Trade Agreement Shows Success

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Report Highlights:

In fiscal year (FY) 2015 – October to September, total Colombian food and agricultural imports were valued at \$5.5 billion. The United States exported \$2.6 billion in agricultural products, about 47 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 and Venezuela. Colombia's total imports of consumer oriented products grew 7 percent in FY2015, led by U.S. exports, up 4 percent to \$590 million.

General Information:

I. Market Overview

Colombia is the largest consumer of U.S. agricultural products in South America, followed by Peru and Venezuela. In fiscal year (FY) 2015, 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) and the European Union. Colombia is awaiting final legislative and judicial approvals for FTAs with South Korea, Costa Rica, Israel, Panama and a larger trade bloc, the Pacific Alliance, which includes Chile, Peru and Mexico. Colombia is currently negotiating FTAs with Turkey and Japan.

With an average Gross Domestic Product growth at 4.7 percent over the last decade, and a rising GDP per capita, 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 to support urbanization and more dining outside the home. 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 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 consumption.

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. For 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. With a bumper U.S. crop, corn prices have fallen dramatically, turning Colombian buyers towards the United States.

Colombia's total imports of consumer oriented products grew 7 percent in FY2015. The United States

has taken the lead in the import market share of consumer oriented products from Chile, the historical leader in this agricultural product category. U.S. consumer oriented product exports were up 4 percent to \$590 million in FY2015, followed by Chile (\$318 million) and Peru (\$80 million). Consumer-oriented products account for upwards of 21% of the distribution of U.S. agricultural trade Colombia. The table below provides more details on consumer oriented product trade trends.

FY2015 Colombian Imports of Consumer Oriented Products by Country of Import

| Country | Ranking | Import Value FY2014 (million dollars) | Import Value FY2015 (million dollars) | Change |
|-----------------|----------------|--|--|---------------|
| Total | | 1,641 | 1,750 | 6.6% |
| United States | 1 | 569 | 590 | 3.7% |
| Chile | 2 | 333 | 318 | -4.5% |
| Mexico | 3 | 96 | 103 | 7.3% |
| Brazil | 4 | 87 | 95 | 10.0% |
| Peru | 5 | 73 | 80 | 9.6% |
| Other countries | | 483 | 603 | 24.8% |

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, 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. |
| 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 given growing obesity | Cold chain is deficient and Colombians have no clear understanding of this need to maintain |

| | |
|--|------------------|
| trends and GOC support for healthy living campaigns. | 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 Government of Colombia 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 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 (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 plans to create more specific rules for products or group of products that will facilitate trade.

ICA has the 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.

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 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

Regarding 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.

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. 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 food items 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 of 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 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 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.

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 importer should verify that the importer has obtained the legal authority to import agricultural products from the MOCIT.

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 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=326>.

Sanitary Permit

Products used as raw materials by the food industry or foodservice sector in food preparation do not need an INVIMA registration, however, they do need a sanitary permit 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.

The request to obtain an ICA'S zoosanitary certificate 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 MOCIT. The importer should provide the exporter with 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 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.

Sanitary Certificates

In "CIRCULAR 400-1846-13" INVIMA established that importers must submit a "sanitary certificate" or "its equivalent" for any batch or lot of food products imported into Colombia. This certificate must be issued by a competent authority in food safety in the country of origin. For non-high risk products, this requirement has been satisfied with certificates of free sale. On the other hand, products referred to as "high risk" such as meat, dairy, and fish/seafood must be accompanied by a sanitary certificate from FSIS and NOAA, respectively.

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.

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; and, 4) Health Certificates from the country of origin (Certificates of Free Sale for food considered not to be "high risk" products).

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 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.

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. The leading company in this category of branded products is Unilever followed by Nestlé and Quala 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. 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: Colombian imports are mostly cream, whey protein, milk powder and other product ingredients, such as casein. Competition in this sector includes Chile, Spain, Czech Republic 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. In addition, innovation in packaging has benefited dairy product consumption. Colombian milk production reached 6.7 million liters (1.7 million gallons) in 2014; 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 low at 23 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. 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, Reposteria y Confiteria (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. The Colombian firms Grupo Nutresa leads in this category with 60 percent market share.

Oils and Fats: Colombia is a major producer of palm oil, and also 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 89 percent of sales market share, followed by margarines (3%), cooking fats (3%), spreadable oils and fats (2%), butter (1%) and olive oil (1%).

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. Colombian imports of U.S. wine have increased dramatically after CTPA implementation due to zero tariffs, increasing 90 percent from FY2012 to FY2015. *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 | 2014 SALES (million dollars) |
|--------------------|-------------------|---------------------------------|
| Bavaria | Beverages | 2,253 |
| Coca – Cola | Beverages | 983 |
| Colanta | Food manufacturer | 938 |
| Alpina | Food manufacturer | 755 |
| Alimentos Carnicos | Food manufacturer | 703 |
| Colombina | Food manufacturer | 649 |
| Nestle | Food manufacturer | 638 |
| Postobon | Beverages | 537 |
| Quala | Food manufacturer | 517 |
| Molinos Roa | Food manufacturer | 454 |

Source: La Nota Economica Magazine

Urbanization and the Retail Transformation: Colombia is the third most populated country in Latin America after Brazil and Mexico at 48 million inhabitants. About 75 percent of the Colombian population resides in urban areas. Colombia is atypical of Latin America with decentralized urban centers and four cities with over one million residents: Bogota (7.9 million), Medellin (2.5 million), Cali (2.4 million) and Barranquilla (1.2 million). 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. Over the past three years, the U.S. retail chain PriceSmart has developed a significant presence in Colombia, opening a total of six stores in the country; Cali (two stores), Barranquilla, Bogota, Pereira and Medellin.

TOP 5 RETAILERS IN COLOMBIA

| COMPANY | OWNERSHIP | 2014 SALES (million dollars) | NUMBER OF STORES |
|------------------|-------------------|------------------------------|------------------|
| Grupo Exito | France – Colombia | 5,708 | 448 |
| Olimpica | Colombia | 2,049 | 206 |
| Jumbo – Cencosud | Chile | 1,780 | 80 |
| Alkosto | Colombia | 1,683 | 12 |
| La 14 | Colombia | 589 | 27 |

Source: Various online resources

IV. BEST PRODUCT PROSPECTS

U.S. Agricultural Product Market Potential

Consistent 4.7 percent GDP growth and a rising per capita income have led to increased demand for fast food restaurants and ready-to-eat food products. Colombia is already an important market for America's farmers and ranchers. In FY2015, 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 | Uncooked pasta |
| Rice (up to quota) | Vegetable oils | Chilled pork |
| Soybeans | Potato flakes | Processed turkey |
| Lentils | Yeasts | Yogurt (up to quota) |
| Peanuts | Sugars and sweeteners | Fresh fruits |
| Dried beans (up to quota) | | Processed vegetables |
| | | Processed fruits |
| | | Soya sauce |
| | | Tree nuts |
| | | Sugar confectionery |
| | | Cookies |
| | | Chewing gum |
| | | Black tea |
| | | Spices |
| | | Fresh vegetables |
| | | Wine |
| | | Healthy food products |

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

| Product | Base Duty | TRQ (MT) 2016 | TRQ Annual Increase | Phase Out Period | Safeguard Trigger Level |
|-----------------------|------------------|----------------------|----------------------------|---------------------------|--------------------------------|
| Yellow Corn | 25% | 2,552,563 | 5.0% | 12 years | |
| White Corn | 20% | 165,917 | 5.0% | 12 years | |
| Rice | 80% | 94,209 | 4.5% | 19 years (6 of grace) | 120% of TRQ |
| Sorghum | 25% | 25,526 | 5.0% | 12 years | |
| Dried Beans | 40.2% | 19,144 | 5.0% | 10 years | 130% of TRQ |
| Animal Feeds | 10%- 25% | 236,112 | 5.0% | 12 years | |
| Pet Food | 28% | 11,755 | 8.0% | 8 years | |
| Chicken Leg Quarters | 70% | 31,633 | 4.0% | 18 years (10 of grace) | 130% of TRQ |
| Poultry Parts | 164.4% | | | 18 years (5 of grace) | |
| Spent Fowl | 20% | 464 | 3.0% | 18 years | 130% of TRQ |
| Standard Quality Beef | 51.2% | 2,553 | 5.0% | 10 years | 140% of TRQ |

| | | | | | |
|--------------------------|-------------|-----------|-------|----------|--|
| Variety Meats | 51.2% | 5,751 | 5.5% | 10 years | |
| Pork Meat | 30% | Unlimited | | 5 years | |
| Crude Soybean Oil | 24% | 36,500 | 4.0% | 10 years | |
| Glucose | 28% | 12,763 | 5.0% | 10 years | |
| Milk Powder | 33% | 8,053 | 10.0% | 15 years | |
| Cheese | 20%- 33% | 3,382 | 10.0% | 15 years | |
| Yogurt | 20% | 161 | 10.0% | 15 years | |
| Butter | 33% | 805 | 10.0% | 11 years | |
| Processed Dairy Products | 20% | 1,611 | 10.0% | 15 years | |
| Ice Cream | 20% | 483 | 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/>

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) 275-2406
Fax: (57-1) 275-4525
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