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Report Name: Food Service - Hotel Restaurant Institutional

Country: Colombia

Post: Bogota

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Prepared By: FAS Staff

Approved By: Adam Klein

Report Highlights:

Although the Hotel Restaurant Institutional (HRI) sector in Colombia performed better in 2021, compared to 2020, the sector still faced challenges that hindered a full recovery from the pandemic, including social unrest and high food prices. U.S. exporters face new market conditions in Colombia, resulting from changes in consumer habits and preferences that happened as a result of the pandemic. In 2021, the lodging and restaurants sector grew 60 percent following a 28 percent decline in 2020, increasing its share of Colombia's economic activity from 3 percent in 2020 to 4.3 percent in 2021.

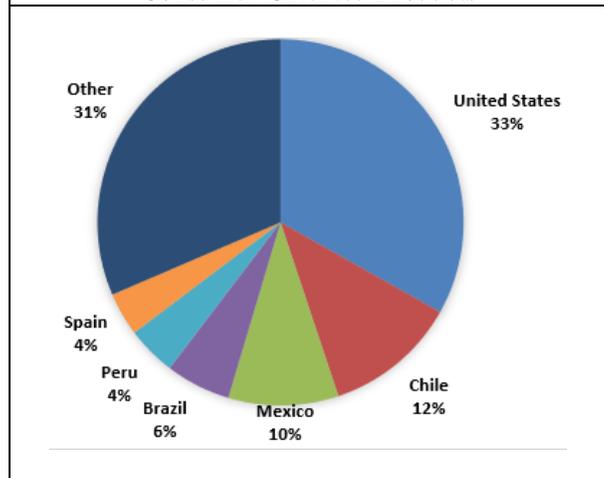
Market Fact Sheet: Colombia

Executive Summary: Colombia is the leading destination for U.S. agricultural exports in South America, followed by Chile and Peru. In 2021, U.S. agricultural exports to Colombia were valued at \$3.4 billion.

Imports of Consumer-Oriented Products:

In 2021, consumer-oriented product imports from all suppliers increased 24 percent to \$2.4 billion due to a strong economic rebound. In 2021, Colombian imports from the United States grew 30 percent to \$788 million, followed by Chile (\$279 million) and Mexico (\$231 million). Consumer-oriented products account for 26 percent of U.S. food and agricultural exports to Colombia.

Top Sources of 2021 Colombian Imports of Consumer-Oriented Products



Source: Trade Data Monitor

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

Food Retail Industry: Retailers adapted to new consumer habits because of COVID-19. Hard-discounters benefited from consumer needs, offering good-quality products at reasonable prices. E-commerce also did well, thanks to rapid digital adoption among Colombians. [Food Retail Industry GAIN Report](#)

Food Service Industry: The sector is still rebuilding from the mandatory 6-month lockdown in 2020 that caused serious economic damage. It is expected to recover at a slow pace, reaching pre-pandemic levels by 2023, thanks to growing incomes and higher participation of women in the labor force.

Population: 51.6 million (2022)

GDP: \$314.5 billion (2021)

GDP per capita: \$6,158 (2021)

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

Description	2020	2021	Change
Pork & Pork Products	\$158	\$301	91%
Dairy Products	\$284	\$283	-1%
Soup & Other Food Preparations	\$224	\$257	15%
Fresh Fruit	\$162	\$168	4%
Distilled Spirits	\$95	\$158	67%
Processed Vegetables	\$107	\$140	30%
Poultry Meat & Prods. (ex. eggs)	\$90	\$122	36%
Bakery Goods, Cereals, & Pasta	\$109	\$115	6%
Mfg. Tobacco	\$108	\$106	2%
Dog & Cat Food	\$64	\$89	40%

Strengths	Weaknesses
<ul style="list-style-type: none"> Growing demand for consumer-oriented products Diverse retail market 	<ul style="list-style-type: none"> Deficient infrastructure Political and economic uncertainty
Opportunities	Challenges
<ul style="list-style-type: none"> Growing middle class Decentralized country Four ports 	<ul style="list-style-type: none"> Technical food regulation compliance Peso depreciation

Top 5 Hotels	Top 5 Restaurants
Hoteles Decameron	Frisby
Hoteles Estelar	Hamburguesas El Corral
Tour Vacation Hoteles Azul	McDonald's
Hotel Tequendama	Crepes y Waffles
Irotama	KFC

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

SECTION I: MARKET SUMMARY

According to the Colombian Department of Statistics (DANE), Colombia's gross domestic product (GDP) grew 10.6 percent in 2021. The OECD forecasts the economy to grow 6.1 percent in 2022, a figure that could be revised downward due to lower private consumption levels, growing inflation, and general uncertainty because of the June 2022 elections, won by Gustavo Petro, the first left-wing president in the country's history.

Colombia is the third most populous country in Latin America with 51 million inhabitants. Eighty percent of the Colombian population resides in urban areas. Colombia is atypical of Latin America with decentralized urban centers and five cities with over one million residents: Bogota, Medellin, Cali, Barranquilla, and Cartagena. Urbanization is on an upward trajectory, stimulating changes in lifestyles and eating patterns.

In recent years, urban households in Colombia are becoming dual income, resulting in an increasing demand for processed food and shopping convenience. In Bogota, the average household was 3.1 members in 2019, and it is expected to be only 2.2 members by 2050. The population is aging as birth rates decrease and life expectancy increases. Venezuelan immigration is another key demographic trend. The Colombian government estimates that 2.5 million Venezuelans live in Colombia. They influence the consumption of main food staples such as beans, rice, and corn flour.

The HRI sector development has tracked with tourism performance. The Colombian tourism industry has been crucial for generating foreign exchange to the country and has been a key sector for economic reactivation. In fact, according to [Procolombia](#), the generation of foreign exchange grew 210 percent in the first quarter of 2022, compared to the same period in 2021.

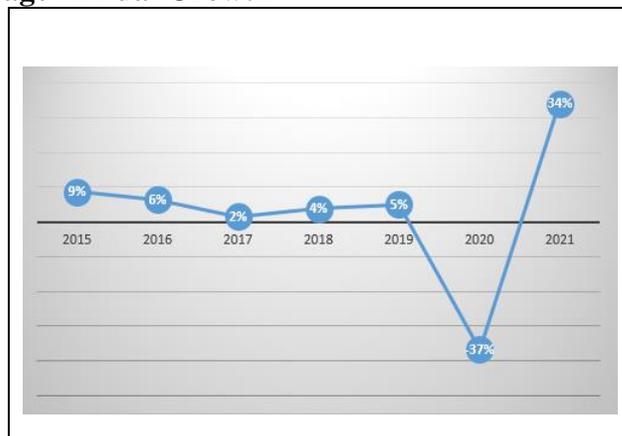
Prior to COVID-19, Colombia had a growing food service sector. The sector consisted of 101,000 restaurants, cafés, bars, cafeterias, and kiosks, and 10,000 hotels. [The Colombian Restaurant Association \(ACODRES\)](#) roughly calculates that 42,600 restaurants closed due to the pandemic. The [Colombian National Department of Administrative Statistics \(DANE\)](#) estimates that the HRI sector is highly informal; therefore, strong competition from local, informal restaurants and hotels remains. Although urbanization, a growing number of shopping malls and food courts, increasing dual income households, higher participation of women in the labor force, and a growing flow of tourists are major drivers of HRI expansion, most Colombians still link the experience of dining-out with celebrations.

The COVID-19 pandemic affected household expenditures and purchasing habits. Now, expenditures have rebounded due to the economic recovery, and consumers are travelling and going out, again. The main consumer trends can be summarized as follows:

- Higher product price sensitivity has created an opportunity for in-house/store brands to gain popularity, as they tend to be cheaper than other labels. Store brands, also known as “private labels,” are particularly relevant for milk, vegetable oil, and rice.
- Rising health and environmental awareness translate into opportunities for healthy and sustainable food products.
- E-commerce and delivery service adoption continues to be a challenge for the retail and food service sectors to adapt to changing consumer needs.
- Although plant-based food products are perceived as expensive, 93 percent of Colombians are interested in trying plant-based food products for health, nutrition, and environmental reasons.

- Preference for high-protein and calcium content products has bolstered demand for meat and dairy products.

Graph 1.
Food Service Sales – Average Annual Growth



Source: Euromonitor

The [Food Processing Ingredients GAIN Report](#) and the [Food Retail Industry GAIN Report](#) provide data and analysis on Colombian food trends. The [2022 Investment Climate Statements: Colombia](#) provide further information about the country’s economic and political environment.

Table 1.
Advantages and Challenges for U.S. Exporters

Advantages	Challenges
The U.S.-Colombia Trade Promotion Agreement (CTPA) provides preferential product treatment for many agricultural goods.	Colombia has trade agreements with many other countries, increasing competition with U.S. products.
The United States holds a reputation for producing high quality agricultural products.	Colombian per capita consumption for processed and semi-processed products is low; for example, bread consumption is only 22 kg/year, low compared to other Latin American markets.
Increased acceptance of American style restaurants provides an avenue for introducing U.S. recipes and food ingredients into the Colombian diet.	Depreciation of the Colombian peso affects U.S. export competitiveness.
Growing tourism increases demand for raw materials and ingredients to make products more appealing to foreigners and domestic consumers.	There is a cultural misperception that frozen products are unhealthy and lack quality.
Growing urbanization of Colombian cities is stimulating new consumer trends and an increase in processed foods.	Internal transportation costs from ports of entry are high due to extremely poor infrastructure.
Market opportunities for health foods and organic products are expanding given government support for healthy living campaigns.	Cold chain is deficient and increases logistical costs.
U.S. food suppliers and manufacturers have a positive reputation for food safety, availability, quality, and delivery.	Elected President campaigned on renegotiating the CTPA to protect domestic agriculture and manufacturing.

SECTION II: ROAD MAP FOR MARKET ENTRY

Entry Strategy

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

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

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

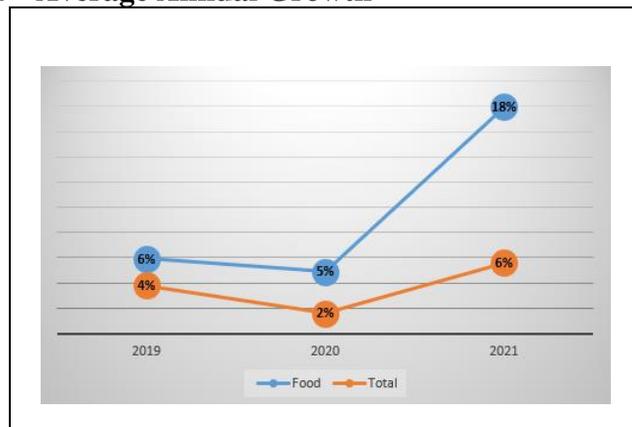
Market Structure

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

The country's hotel supply is wide and diverse, and includes hotels that are chains, boutique, independent, and ecofriendly. Main travel motivations are leisure (58 percent) and business (35 percent). In 2021, foreign visitors were mainly from the United States (36 percent), Venezuela (13 percent), Mexico (6 percent), and Peru (5 percent).

Colombia's HRI industry has been seriously impacted by food inflation. Consumers are very sensitive to price changes; therefore, small restaurants have adapted their menus and portion sizes to mitigate inflation effects.

Graph 2.
Consumer Price Inflation – Average Annual Growth

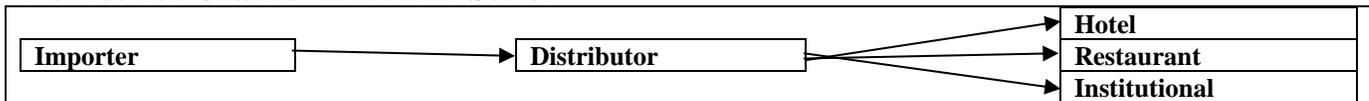


Source: DANE

Distribution

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

Figure 1.
Distribution Channel in the HRI Sector



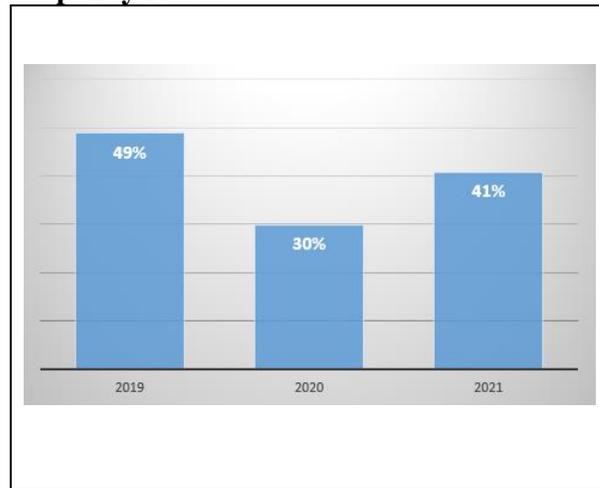
Sub-Sector Profiles

HOTELS

The [Colombian Hotel and Tourism Association \(COTELCO\)](#) supports its members and represents the industry’s interests to the government. In 2020, hotel room stays fell to 30 percent and showed a significant recovery in 2021. The rise in domestic consumption drove the sector rebound. COTELCO expects the industry to fully recover by 2022, achieving performance levels that were last reached in 2019. In 2021, the association reported that 39,000 jobs were recovered out of the 61,500 jobs lost in 2020 due to the COVID-19 lockdowns.

To advocate for a reopening of the economy, COTELCO launched the website [Hoteles en Colombia](#), a marketplace to promote Colombian hotels and to certify compliance with biosafety regulations to build consumer confidence. Most hotels in Colombia are family businesses, although there are some international chain hotels and resorts. In 2021, the largest operators were [Hoteles Decameron](#), [Hoteles Estelar](#), and [Tour Vacation](#).

Graph 3.
Colombia Hotel Average Occupancy Rates



Source: DANE

RESTAURANTS

The market share of unregistered restaurants is up to 77 percent of the market, which is the main threat facing the sector. The past performance in the restaurant sector is primarily due to growth in the tourism sector and rising household incomes. Quick service and fast-food restaurants are strategically located around working areas and represent one-third of the restaurant market.

The convenience of fast-food restaurants supports dual income, working households that have little time to prepare traditional meals on a moderate income. In addition to Colombian preferences for fast-food restaurants, consumers have a growing affinity for fast casual restaurants where they can find higher quality food at affordable prices. Main restaurant operators that offer fast-food include: [Frisby SA](#), [Hamburguesas El Corral](#), and [McDonald's Corp](#).

Consumer demand for healthy food has resulted in new menu offerings such as plant-based proteins as well as low-fat and sugar-free options. Additionally, waste food management is now more relevant for the sector since it represents a growing consumer concern. Perceived as a healthy option, poke bowls are now a popular meal.

Although restaurant, catering, and bar services' revenues fell 18 percent in 2020, the economic reactivation brought an increase of 54 percent for the sector in 2021 (DANE). According to ACODRES, this reactivation did not translate to full recovery since high food inflation diminished profits and hurt employment generation. Informal restaurants are expected to see an increase in market share since they offer more affordable meals and consumers are highly sensitive to price changes.

INSTITUTIONAL

Schools: According to DANE, approximately 24 percent of the Colombian population is of school age, between 0 and 14 years old. Most schools contract with catering companies to serve lunch, while others prepare food on-site. Foods prepared at schools are purchased wholesale at establishments specializing in food services for schools. Sales of imported products for this purpose are not significant; however, there is potential for growth in U.S. consumer-oriented-products, such as beverages and nutritional

snacks. School's shift to virtual education due to Colombia's lockdown started in March 2020. By the end of 2020, schools began partially reopening under alternative learning models. All public schools resumed activities, starting in July 2021.

Colombian Government Programs: The GOC sponsors several programs aimed at improving nutritional standards for children attending public schools and addressing child malnutrition in low-income families. The food assistance programs provide a nutritionally balanced lunch supplement and reach approximately 4 million school age children, nursing mothers, the elderly, and homeless. [The Colombian Family Welfare Institute \(ICBF\)](#) and all regional educational offices implement food assistance programs. The pandemic has neither impacted these food assistance programs nor their ability to reach low-income households.

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

SECTION III: COMPETITION

Competition Narrative

- U.S. competitors for raw materials include MERCOSUR, Canada, and the European Union. These countries/markets also have free trade agreements with Colombia. The CTPA entered into force in May 2012. This comprehensive trade agreement eliminated tariffs and other barriers to goods and services. Although over 80 percent of U.S. exports of consumer and industrial products to Colombia are classified as duty-free, the CTPA provides a duty-free tariff-rate-quota (TRQ) on certain goods that operate under a first come/first serve basis. Notable exceptions to the CTPA include rice and poultry, which are subject to auctions managed by Export Trading Companies (ETC). Additional information is available at [Colombia Poultry Export Quota](#) and [Colombia Rice Export Quota](#).
- U.S. competitors for raw materials include MERCOSUR, Canada, and the European Union. These countries/markets also have free trade agreements with Colombia.
- Colombian consumers have become increasingly protectionist following the COVID-19 pandemic and the recent demonstrations. This change encourages consumers to purchase products made domestically. Colombia Productiva (*productive Colombia*), a group formed by the Government, designed the strategy [Compra lo nuestro](#) (*buy our products*) by developing a label demarcating local products.

SECTION IV: BEST PRODUCT PROSPECTS

U.S. Agricultural Product Market Potential: Colombia is a fast-growing market for value-added food products. Surveyed retailers and food importers feel there is significant potential for new products in all food categories. Healthy food products are a new trend, and retailers are searching for the best suppliers. The following product categories represent the major export opportunities for U.S. food products to Colombia, based on 2017-2021 Colombian import growth rates.

Table 2.
Export Opportunities for Consumer-Oriented products to Colombia

Product Category	5-Yr. Avg. Annual Import Growth	Key Constraints Over Market Development	Market Attractiveness for USA
Dog & Cat Food	38%	<ul style="list-style-type: none"> Pet owners still feed pets with table scraps 	<ul style="list-style-type: none"> Growing pet ownership rates Increasing interest on pet food with nutritional benefits
Distilled Spirits	34%	<ul style="list-style-type: none"> Preference for Scottish whisky Lack of knowledge about U.S. bourbon and its versatility 	<ul style="list-style-type: none"> Income shifts and urbanization benefit growth of distilled spirits sales
Beef & Beef Products	24%	<ul style="list-style-type: none"> Growing competition from Argentina and Uruguay Lack of product knowledge about product origin, handling, cuts, and grades 	<ul style="list-style-type: none"> Willingness to pay higher prices for high-quality beef
Pork & Pork Products	13%	<ul style="list-style-type: none"> Aggressive marketing campaign to encourage Colombian pork consumption Negative association of pork meat with human health 	<ul style="list-style-type: none"> Pork per capita consumption increased from 3.3 kg/year in 2005 to 11.2 kg/year in 2019
Condiments and Sauces	13%	<ul style="list-style-type: none"> Unhealthy perception of sauces Market fragmentation by regions due to flavor and odor preferences 	<ul style="list-style-type: none"> Growing interest in ethnic and Asian foods

Products That Face Significant Barriers:

- The introduction of new U.S. processed meat products has been affected due to the decreasing number of U.S. states that issue a Certificate of Free Sale (COFS) for federally inspected products. Per Resolution 2674 of 2013, the Colombian food safety authority INVIMA (Colombian FDA equivalent) requires importers to submit a COFS when registering retail-ready processed meat products for sale in Colombia.
- On November 9, 2020, Colombia’s Ministry of Health and Social Protection issued Resolution 2013, a regulation that sets mandatory maximum sodium content limits for 59 processed food categories ranging from snacks to processed meats and dairy products. Further, Resolution 2013 introduces a new conformity certificate requirement and reduction goals that will start going into effect in November 2022. More information is available at [Update on Colombia Sodium Resolution 2013 of 2020 for Processed Foods GAIN Report](#).
- On June 16, 2021, Colombia’s Ministry of Health, and Social Protection (MINHEALTH) issued Resolution No. 810 establishing the technical regulation for nutrition and front-of pack labeling (FOPL) requirements for packaged food for human consumption, which will go into effect on December 16, 2022. On July 30, 2021, Colombian Congress enacted Law 2120 of 2021, widely known in the country as the “Junk Food” bill. This new legislation is expected to lead to further changes to current Resolution 810 labeling requirements for food products in Colombia. MINHEALTH and other relevant government bodies are currently working on the implementation of Law 2120 through a draft regulation that amends Resolution 810. In case this draft regulation is issued, fundamental changes may be introduced to the shape of warning FOPL, as well as to the nutrient thresholds, and it may expand to include sweeteners and trans fats. More information is available at [Colombia Issues Nutrition and Front of Pack Labeling Requirements for Processed Foods GAIN Report](#).

- Colombia's Ministry of Health Decree 616 of 2006 establishes physical and chemical property requirements (including minimum lactic content) that must be met by milk for human consumption. Currently, the GOC is considering an update of Decree 616 of 2006. This update may introduce important changes to the current regulation, such as certain restrictions to the selling of bulk powdered milk to the public. Colombia is currently conducting the Regulatory Impact Analysis required prior to drafting changes to Decree 616. The U.S. government encourages Colombia to remove Decree 616's minimum lactic acid content requirement and harmonize the requirements with international standards (CODEX) that establish that acidity is a quality parameter and not a food safety issue.

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

Table 3.
Colombian Top Five Consumer-Oriented Product Imports

Import Value (\$USD, millions)					
From the World	2020	2021	From United States	2020	2021
Total	\$ 1,915.7	\$ 2,377.6	Total	\$ 636.7	\$ 872.2
Pork & Pork Products	\$ 157.6	\$ 301.2	Pork & Pork Products	\$ 146.7	\$ 257.2
Dairy Products	\$ 284.2	\$ 282.7	Dairy Products	\$ 114.8	\$ 127.3
Soup & Other Food Preparations	\$ 224	\$ 257	Poultry Meat & Prods. (ex. eggs)	\$ 91.0	\$ 113.2
Fresh Fruit	\$ 162	\$ 168	Soup & Other Food Preparations	\$ 62	\$ 75
Distilled Spirits	\$ 94.9	\$ 158.2	Dog & Cat Food	\$ 33.4	\$ 52.8

Source: Trade Data Monitor and GATS

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

Table 4.
Post Contact Information

Office of Agricultural Affairs (OAA)	Animal Plant Health Inspection Service (APHIS)
U.S. Embassy, Bogotá, Colombia Telephone: (57) 601-275-4622 e-mail : AgBogota@fas.usda.gov	U.S. Embassy, Bogotá, Colombia Phone: (57) 601-275-4572 e-mail: Roberto.Guzman@aphis.usda.gov

Table 5.
Regulatory Agency Contacts

Phytosanitary and Zoonosanitary Requirements	Food Product Registration and Health Permits
Ministry of Agriculture and Rural Development ICA (APHIS counterpart) Alfonso Araujo Deputy Manager Animal Health Protection Tel. +57-601-7563030 ext. 3201 e-mail: subgerencia.animal@ica.gov.co Herberth Joaquin Matheus Deputy Manager Plant Health Protection Tel: +57-601-7563030 ext. 3101 e-mail: subgerencia.vegetal@ica.gov.co	Ministry of Health and Social Protection INVIMA (FDA counterpart) Carlos Alberto Robles Director Division of Food and Alcoholic Beverages Phone: +57-601-7422121 Ext. 4001 e-mail: croblesc@invima.gov.co

**Import Procedure:
Table 6.
Import Policies**

Requirement	Regulation	Description
Food product registration	Resolution 2674 of 2013 Resolution 3168 of 2015 Resolution 719 of 2015	All food items intended for direct sale to final consumers in Colombia must be registered with INVIMA. Product registration is NOT required for: Natural food products that have not been subject to a transformation process (grains, fresh fruits, and vegetables, etc.) Animal-origin food products (chilled/frozen) that have not been subject to any transformation process Products used as inputs by foodservice operators or food processors for food preparation or manufacturing
Importer Registration, Import Registration, and Import Licensing	www.vuce.gov.co	Importers must be registered with MINCIT, and must obtain an “electronic signature” from the Ministry of Finance at the “Unique Window for Foreign Trade” (VUCE)
Minimum Description	Resolution 057 of 2015	Imported products shall comply with the “minimum description” requirements
Export Sanitary Certificates	Decree 2478	Importers must submit a “sanitary certificate”, issued by the food safety authority in the country of origin, for any batch or lot of “medium” or “high” risk food products imported into Colombia, including all animal-derived products such as dairy, seafood, meat, and poultry

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

Attachments:

No Attachments