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Report Name: Food Processing Ingredients

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Report Highlights:

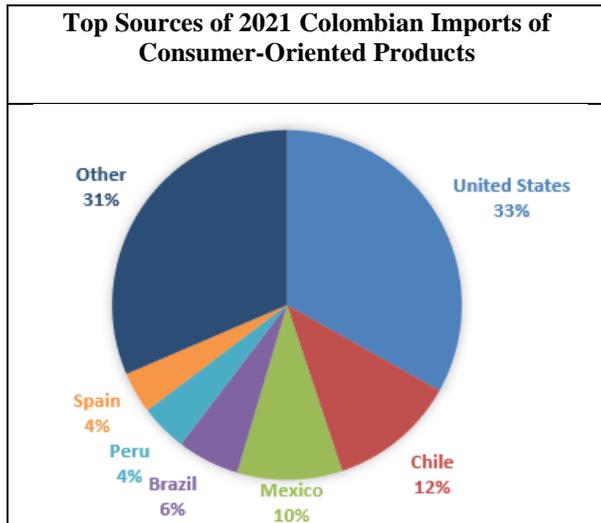
Colombia is a net importer of many agricultural products and cannot produce the raw materials and ingredients to meet the growing demand of the food and beverage processing industry. Driven by Colombia's economic performance in 2021 (i.e., 10.6 percent GDP growth), the food and beverage industry grew 7.7 percent in the same period. Consumer habit and preference changes due to COVID-19 altered the landscape for the retail, food industry, and food service sectors, opening opportunities for healthier and sustainable food products.

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:

Colombian authorities reported that in 2021, imports of consumer-oriented products 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.



Source: Trade Data Monitor

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. [Food Service Industry 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 the rapid digital adoption among Colombians. [Food Retail Industry GAIN Report](#)

Food Processing Industry: Colombia is a net importer of many food ingredients. There is a 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.

Population: 51.6 million (2022)
GDP: \$314.446 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	\$147	\$258	76%
Dairy products	\$124	\$145	17%
Poultry meat & products (ex. eggs)	\$93	\$117	26%
Food preparations	\$48	\$59	22%
Dog & cat food	\$33	\$53	58%
Beef & beef products	\$20	\$41	105%
Processed vegetables	\$20	\$27	38%
Tree nuts	\$24	\$27	12%
Condiments & sauces	\$17	\$24	47%
Bakery goods, cereals, & pasta	\$14	\$17	20%

Main Hotel, Restaurant, and Institutional Companies

Hotels	Restaurants	Institutional
Decameron	El Corral	Sodexo SAS
Hoteles Estelar	Frisby SA	Compass Group Services
Tour Vacation	McDonald's	Servihoteles

Top 5 Retailers	Top 5 Food Manufacturers
Grupo Exito	Grupo Nutresa
Alkosto	Colanta
Olímpica	Alpina
DI	Colombina
Cencosud	Nestlé de Colombia

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 food and beverage industry increased 7.7 percent. As forecasted by the Colombian Central Bank, the economy is expected to grow 4.3 percent in 2022, a figure that could be revised downward due to a lower private consumption level, the presidential elections, and general uncertainty.

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 over two million Venezuelans live in Colombia. They influence the consumption of main food staples such as beans, rice, and corn flour.

The COVID-19 pandemic affected the economy and led to a recession. Households reduced expenditures and changed purchasing habits. Although expenditures have bounced back and consumers are travelling and going out due to the economic recovery, some market trends will remain. 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 means opportunities for healthy and sustainable food products.
- E-commerce and delivery service adoption continues to be a challenge for retail and food service sectors to adapt to changing consumer needs while complying with COVID-19 related biosafety regulations.
- Growing interest in plant-based food products has opened a market niche that is on the rise. Although these products are perceived as expensive, 93 percent of Colombians are interested in trying plant-based food products, as they are considered healthier, more nutritious, and environmentally friendly.
- Consumer concerns during COVID-19 when dining out or ordering delivery services has increased demand for single-serve sauces and condiment packets.
- Preference for high-protein and calcium content products has encouraged demand for meat and dairy products.

The [Food Processing Ingredients GAIN Report](#) [Food Service GAIN Report](#) and the [Retail Food GAIN Report](#) provide data and analysis on Colombian food trends.

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.
The growth of the tourism, hotel and restaurant sectors requires a greater array of 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 growing obesity trends and 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.	There is an increasing consumer preference for local products, especially dairy, fruits, vegetables, and meat, due to government policies in reaction to COVID-19.

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:

- Keep in mind 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;
- Consider a popular mode in Colombia of highlighting 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 consumer 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.

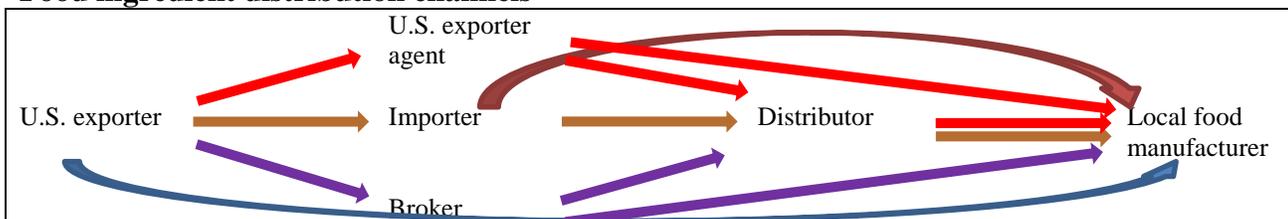
For more information on doing business in Colombia, see [Colombia Country Commercial Guide](#).

Import Procedure: The Ministry of Commerce, Industry and Tourism ([MINCIT](#)) and the National Tax and Customs Directorate ([DIAN](#)) are responsible for the administration of overall import-export operations and customs procedures, respectively. Colombian importers must be registered with MINCIT. All U.S. exporters should verify that the importer has obtained the legal authorization from MINCIT to import food and agricultural products and, depending on the type of product to be imported, other government authorities, including the [Colombian Institute for Agriculture and Livestock \(ICA\)](#) and the [National Institute for the Surveillance of Food and Medicines \(INVIMA\)](#).

ICA has the regulatory authority over production, manufacturing, and use of agricultural inputs, feed, feed ingredients and non-processed agricultural commodities. INVIMA is the regulatory authority responsible for regulating food safety and sanitary conditions of products sold, directly or indirectly, for human consumption. More information on Colombia’s import procedure is available at [FAIRS](#).

Distribution Channels: Depending on the Colombian food manufacturer’s size and the product, U.S. food ingredients move from the exporter through an agent, importer, broker, and distributor, or go directly to the food producer. Figure 1 shows the flow of product through the distribution chain.

Figure 1.
Food ingredient distribution channels

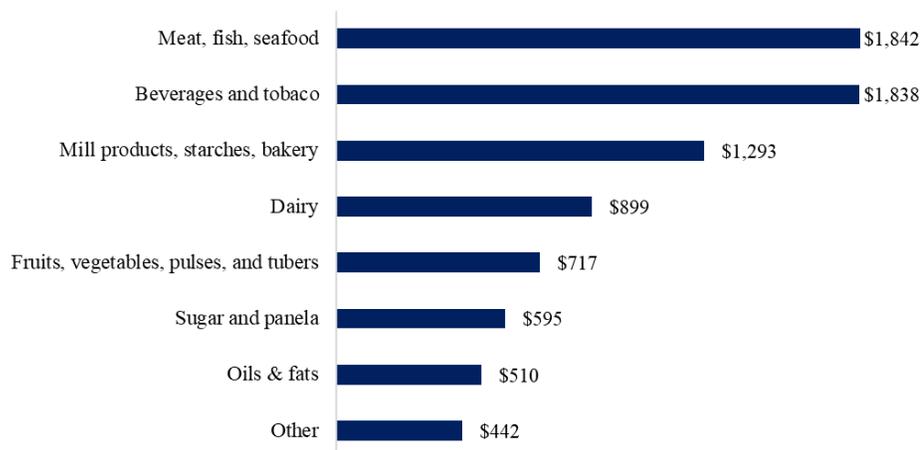


Market Structure: The Colombian food and beverage industry production represents 28 percent of the country’s total manufacturing by value. According to DANE, the food industry grew 7.7 percent in 2021. The following sectors showed a remarkable growth performance in 2021: oils and fats (23.3%); beverages and tobacco (20.9%); and cocoa, chocolate, and confectionary (16.4%). As seen in Chart 3, the beverages and tobacco; meat, fish, and seafood; and mill and bakery sectors represent the largest share in Colombian food industry production.

In recent years, the Colombian food industry has undergone unprecedented consolidation and structural change through mergers, acquisitions, divestitures, and the entrance of new foreign competitors in the market. Distribution channels have become more efficient with the increased presence of foreign

competitors. COVID-19 challenged food manufacturers that adapted by developing channels to communicate directly with final consumers.

Figure 2.
Colombian food sector production value (millions of dollars), 2021



Source: Colombian Department of Statistics (DANE)

Company Profiles: Table 2 provides information about several large and medium-sized food manufacturing and processing companies in Colombia that are current, or potential, buyers of U.S. food and agricultural products.

Table 2.
Colombian food manufacturing and processing companies

Company	Production	End-Use channels	Procurement
Grupo Nutresa	Cold cuts, snacks, cookies, crackers, confectionary products, coffee, pasta and ice cream	Wholesaler and retailer	Direct
Colanta	Dairy products, refreshments, cold cuts, wine, bottled water	Wholesaler and retailer	Direct and brokers
Alpina	Dairy products, juices, almond milk	Wholesaler and retailer	Direct and brokers
Colombina	Confectionary products, juices, sauces, cookies and crackers, ice cream, coffee, olive oil, snacks	Wholesaler and retailer	Direct and brokers
Nestlé de Colombia	Cookies, crackers, confectionary products, coffee, baby formula, powder milk, breakfast cereal, tea, chicken base	Wholesaler, foodservice, and retailer	Direct
Pepsico Colombia	Snacks, soft drinks	Wholesaler and retailer	Direct
Harinera del Valle	Corn and wheat flours, crackers and cookies, pasta, sunflower, canola, olive and vegetable oils, brownies, cake and pancake mixes, sauces, wraps, balsamic and white vinegars, margarines	Wholesaler and retailer	Direct and brokers
Ingredion	Starches, flours, fruit and vegetable concentrates, extracts, sweeteners, proteins	Food industry, wholesaler, and retailer	Direct and brokers
Alimentos Polar	Soft drinks, flours, oils, margarine, pet food, and breakfast cereals	Wholesaler and retailer	Direct and brokers
Alianza Team	Vegetable oils and fats	Wholesaler, foodservice, and retailer	Direct

Levapan	Flour, raisins, prunes, almonds, peanuts, sesame seeds, fats, jams, starches, sauces, jelly, vinegar, baby food, canned vegetables, juices, baking soda, color additives, flavors	Food service, wholesaler, and retailer	Direct and brokers
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Sector Trends

- Food purchase decisions are influenced by product need (36 percent), taste (23 percent), and quality (14 percent).
- Bogota represents 34 percent of the food market, followed by Medellin (11 percent), Cali (8 percent), and Barranquilla (5 percent).
- Colombians spent 36 percent of their incomes on food in 2021.
- The upward trends in food and beverage prices will continue in 2022. According to DANE, the food inflation rate reached 17.23 percent in 2021. Potatoes (111 percent), meat (33.03 percent), and milk (12.79 percent) were the products with the highest price growth.

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, such as: low fat sauces (canola and olive oil mayonnaise), sauces for Asian food preparations (soy and teriyaki sauce and BB-Q sauce for ribs), and sauces free of preservatives and artificial flavors/colorants. Although ketchup continues to be the preferred sauce, mayonnaise, mustard, ranch, and other sauces have gained presence in the market. [Unilever](#) is the leading company in this category, followed by [Quala](#) and [Nestle](#).

Canned / Preserved Food: This category 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 meat, beans, tomatoes, and soups is expanding. New competitors have arrived in the market, offering a wide variety of products according to price and packaging needs. [Seatech International](#) is the leading canned/preserved food company.

Frozen Processed Food: Although consumers perceive frozen food as unhealthy and over processed, urbanization and dual income households have expanded the market for frozen meals, meat, fruits, and vegetables. Frozen processed potatoes, frozen ready to eat meals, frozen pizza and frozen vegetables are the most preferred products. Market opportunities for these products are mostly for the institutional sector and target single-person households. [Grupo Nutresa](#) has a wide portfolio of frozen processed food products, including potatoes, pizza, chicken nuggets, and hamburgers.

Dairy: Colombian dairy imports are mostly cream, whey protein, milk powder and other product ingredients, such as casein. Domestic consumption of dairy products has increased due to promotional efforts that appeal to changes in consumption patterns because of urbanization and income shifts. Consumers prefer fresh cheese, which is available in modern retail and mostly in wet markets and mom & pop stores due to its artisanal production. Even though hard cheese is seen as expensive and with strong flavor, retailers like [PriceSmart](#), [D1](#) and, [Jumbo](#) introduce different cheese varieties and are key for educating consumers about this product. Colombian milk production reached 7,821 million liters (2,066 million gallons) in 2021; 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 include [Colanta](#), [Alpina](#), and [Alqueria](#).

Bakery: Bread consumption per capita is still low at 22 kilograms (48 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 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. Although only 20 percent is sold by retailers that offer branded and private label products, their market share keeps increasing due to product and packaging innovation.

The branded bread companies include [Bimbo](#), [Productos Ramo](#), [Comapan](#), and [Quala](#), 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, toasts, cakes and brownies. They have launched new products such as artisanal bread and bread with grains and seeds to conquer consumers looking for healthier products.

Chilled Processed Food: Chilled meat and poultry products are in high demand in urban areas. 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. Mexican, Italian, and Chinese preparations are preferred by consumers when buying ready-to-eat-meals. [Grupo Nutresa](#) leads in this category with 60 percent market share.

Oils and Fats: Colombia is a major producer of palm oil. Olive oil and rapeseed oil have shown growth in sales due to increasing consumer preference for healthier oils. Private label is an interesting alternative to penetrate the market, not only for hard discounters, but also for retailers. Hard discounters have introduced cheaper olive oil brands, benefiting their market share; however, consumers still relate this oil only to salads. [Alianza Team](#) leads the sector, offering soybean, sunflower, and olive oil, followed by [Grasco](#) with sunflower and corn oil, and margarine.

Confectionery: This industry is an economic engine in Colombia, generating more than 25,000 jobs with a strong history of production and exports. The sector regularly sources raw materials from foreign suppliers, including dairy products and glucose. Although the sector has made efforts to innovate and offers a greater variety of candies and chocolates for consumers looking for low sugar alternatives, competition from imports is strong. COVID-19 affected sales in two ways: 1) by the increasing concern in adopting healthier lifestyles, and 2) by decreasing opportunities to impulse buy, to street vendors and vendor machines. Two domestic firms, [Grupo Nutresa](#) and [Colombina](#), lead the sector over multinationals, such as [Ferrero](#) and [Nestlé](#).

Beverages: The beverage sector has expanded focusing on flavored water and teas. Innovation in packaging has been crucial for influencing soft drinks consumption, especially water. Per capita consumption of non-alcoholic beverages is 131.4 liters (34.71 gallons) per year, slightly lower than neighboring countries. The preferred beverages are sodas and bottled water. [Postobon](#) (domestic firm) and [Femsa](#) (Coca Cola) lead the sector.

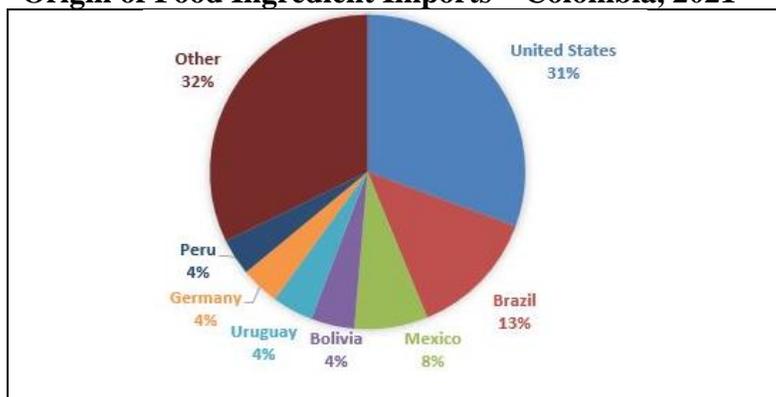
Women are an important niche market for alcoholic beverages, demanding more sophisticated drinks and flavors. Beer is the most highly preferred alcoholic beverage. Per capita beer consumption is about 44 liters per year (11.62 gallons). Wine sales have grown in recent years due to income shifts and urbanization. The main wine suppliers are Argentina and Chile. *Aguardiente* is the national liquor 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.

SECTION III: COMPETITION

- The CTPA entered into force in May 2012, eliminating 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 TRQ on certain goods that operate under a first come/first serve basis. [Rice](#) and [poultry](#) auctions are managed by Export Trading Companies (ETCs).
- U.S. competitors for food ingredients include MERCOSUR, Mexico, and European Union countries (see Figure 3). These actors hold free trade agreements with Colombia. For more information on Colombia's free trade agreements and current negotiations, please see [Free Trade Agreements - Colombia](#).
- Colombian consumers have favored domestically produced products following the COVID-19 pandemic and the social demonstrations in 2021. Colombia Productiva (*productive Colombia*), an entity from the Government, designed the strategy [Compra Lo Nuestro](#) (*buy our products*) by developing a label demarcating local products for those that join the initiative.
- The Colombian Congress approved a law known as the “Junk Food Bill” and the Ministry of Health issued a resolution to regulate nutritional labeling for food products. Regulations are mandatory for local and imported products, and their implementation will represent higher costs. Colombia is currently conducting a study to determine the enforcement of the warning signs (oval, stop, circular signs), that will be used for products exceeding required thresholds. As per Resolution 810, the implementation date will begin 18 months after its issuance (June 2021).
- U.S. dairy faces market access challenges in Colombia. U.S. milk powder exporters have been subject to a mandatory minimum lactic acid content requirement.
- The Government of Colombia (GOC) issued a regulation that set mandatory maximum sodium content limits for various processed food categories. This regulation also set a conformity certificate requirement and specific sodium reduction goals, starting November 2022.

More information on Colombia's policy issues affecting U.S. product competitiveness is available at [FAIRS](#).

Figure 3.
Origin of Food Ingredient Imports – Colombia, 2021



Source: Trade Data Monitor

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 and ethnic food categories are especially new and fast growing. Organic food products are a new trend, and retailers are searching for the best suppliers. Table 3 shows categories that represent some major export and emerging opportunities for food ingredients to Colombia, based on 2017-2021 Colombian import growth rates:

Table 3.
Export opportunities for food ingredients to Colombia

Product	2021 Import value (USD)	5-year average annual import growth	Duty under CTPA	Main supplier countries (share)
Honey	\$1,673,962	245%	0%	<ul style="list-style-type: none"> • Mexico 56% • Argentina 44%
Glucose & glucose syrup	\$19,554,934	174%	0%	<ul style="list-style-type: none"> • China 39% • United States 29% • Mexico 8% • Argentina 7%
Milk powder	\$129,042,948	169%	0% - 8.8%	<ul style="list-style-type: none"> • United States 53% • Bolivia 19% • Uruguay 6%
Thickener	\$14,056,775	131%	0%	<ul style="list-style-type: none"> • Mexico 22% • Spain 20% • China 14% • Chile 9%
Flavoring	\$12,407,691	128%	0%	<ul style="list-style-type: none"> • United States 35% • Germany 21% • France 12%

Source: Trade Data Monitor

Products not present because they 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 can issue Certificates

of Free Sale (COFS) for those products. Per Resolution 2674 of 2013, INVIMA (Colombian FDA equivalent), requires importers to submit a COFS when registering a new food product for sale in Colombia.

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

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

Post Contact Information: Table 4 provides FAS Bogota and APHIS Bogota contact information.

Post Contact Information

Office of Agricultural Affairs (OAA)	Animal Plant Health Inspection Service (APHIS)
U.S. Embassy, Bogotá, Colombia Telephone: (57-1) 275-4622 e-mail: AgBogota@usda.gov	U.S. Embassy, Bogotá, Colombia Phone: (57-1) 275-4572 e-mail: Roberto.Guzman@usda.gov

Regulatory Agency Contacts: Below is information on Colombian government 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 Jaime Cardenas 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: invimasal@invima.gov.co

Attachments:

No Attachments