Colombia is the fourth largest milk producer in Latin America, with an approximate volume of 6,700 million liters annually, exceeded only by Brazil, Mexico and Argentina. (FAO)

Colombia has different regions that provide milk with different characteristics and compositions that can be used for processing a wide range of dairy products.

6,623 million liters of fresh milk available for processing by new industries, an amount that is not currently entering formal channels for transformation. (Fedegán, 2015).

With a population of 48 million inhabitants and a per capita milk consumption of 140 liters/person, Colombia has a per capita consumption rate that is three times the average consumption of developed countries (44 liters/person). (Fedegán, 2015).

### DAIRY PRODUCTION IN LATIN AMERICA, 2015, IN THOUSAND MILLION LITERS

<table>
<thead>
<tr>
<th>Country</th>
<th>Production (in thousand million liters)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>34.25</td>
</tr>
<tr>
<td>Argentina</td>
<td>11.8</td>
</tr>
<tr>
<td>Mexico</td>
<td>11</td>
</tr>
<tr>
<td>Colombia</td>
<td>6.6</td>
</tr>
<tr>
<td>Venezuela</td>
<td>2.6</td>
</tr>
<tr>
<td>Uruguay</td>
<td>2.1</td>
</tr>
<tr>
<td>Peru</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Source: FAOStat
In 2015 Venezuela was the main importer of Colombian dairy products, with a 80.2% (USD18.7 million), followed by United States 13.6% (USD3.2 millones). (DANE-2015)

Countries such as México and Ecuador imported small quantities of Colombian dairy products, USD 0.7 million and USD 0.5 million, respectively. (DANE-2015).

In 2015 the main dairy products exported by Colombia were cheeses, cottage cheese, condensed milk and butter. (DANE-2015).

Germany, China, Italy, Netherlands, France, and United Kingdom were the greatest importers of dairy products worldwide in 2015. It is important to point out that these countries have free trade agreements with Colombia. (Trade Map-2015).

The companies established in Colombia may export dairy products to Central and South America (Mexico, Guatemala, Ecuador, Peru and Chile) with prior authorization of the Instituto Colombiano Agropecuario (Colombian agricultural Institute) [ICA].

UNITED STATES
Colanta is exporting dairy products such as milk and cream, butter, yoghurt, fresh cheese and cottage cheese. to the United States (US$ 1.1 million exported in 2015). (DANE, 2015)

GUATEMALA
Alpina can export powdered milk and caramel to this market.

ECUADOR
Colanta exports dairy products to Ecuador mainly milk and cream (US$ 0.11 million exported in 2015). (DANE, 2015)

VENEZUELA
Colanta, Costalac, Colombina, parmalat, and other companies are exporting dairy products to Venezuela, the most relevant products exported being milk, cream, condensed milk and butter (US$ 18.6 million in 2015). (DANE, 2015).

CHILE
Bufallabella and Colanta are allowed to export products to Chile, such as cheese, cottage, yoghurt and whey.

PERU
Nestlé de Colombia is exporting milk, condensed milk and concentrated and non-concentrated creams to Perú (USD 0.07 million exported in 2015). (DANE, 2015)
Colombia is a tropical country with a wide variety of ecosystems, where close to 95 kinds of fruit are indigenous to the country and other species have been introduced from other equatorial zones.

Colombia has one of the greatest amounts of potential land available for agricultural use; 7.4 million hectares are suitable for fruit production. (Asohofrucol) [Asociación Hortífrutícola de Colombia (Vegetable and Fruit Growers’ Association of Colombia)].

Colombia is ranked third in Latin America for the number of hectares devoted to fruit production, 759,231 hectares, which is equivalent to 10.6% of the country. It is also the third largest producer in the region with 9.5 million tons, equivalent to 7.6% of total agricultural production. (FAO).

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Fruit production (excluding bananas and plantains) in Colombia has increased by 12.3%, from 3.5 million tons produced in 2012 to 4 million tons in 2013. (Ministry of Agriculture).

For the production of dairy products such as yoghurt, flavored milk and other kinds of dairy products, Colombia offers a wide variety of frozen processed fruit. Notable within the Colombian supply of processed fruit are pineapple, mango, papaya, strawberries, melon, gooseberries and bananas. (Olmué, 2013).

In 2013 Colombia produced close to 200,000 tons of food created from fruit and vegetables, with the main processed products being tomato sauces, fruit pulp, potatoes and condiments. (DANE - Annual National Accounts, 2013).

Source: FEDEGÁN.
INVESTMENT OPPORTUNITIES IN CATTLE FARMING

Historically, cattle farming in Colombia has been extensive. Of the 114 million hectares of national territory, land with cattle farming potential consists of about 20.3 million hectares, while 30.4 million hectares are currently in use. This means that the country is overusing its capacity. This scenario creates an opportunity to invest in alliances with local producers or on Greenfield projects for the improvement of:

- Genetics, food and pastures.
- Implementing intensive cattle farming models.

CURRENT AND POTENTIAL USE OF SOILS IN COLOMBIA

(MILLIONS OF HECTARES)

<table>
<thead>
<tr>
<th></th>
<th>CURRENT USE</th>
<th>POTENTIAL USE</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRICULTURE</td>
<td>4.9</td>
<td>21.5</td>
</tr>
<tr>
<td>LIVESTOCK</td>
<td>39.1</td>
<td>19.3</td>
</tr>
<tr>
<td>OTHER USES</td>
<td>71.5</td>
<td>80.5</td>
</tr>
</tbody>
</table>

OPPORTUNITIES IN THE DAIRY INDUSTRY

Milk is one of the most important products in the Colombian diet. According to the Departamento Administrativo Nacional de Estadística [National Administrative Department of Statistics] (DANE), consumers spend around 2.5% of their total income on dairy products.

Different business opportunities:

- **JOINT VENTURE WITH LOCAL PARTNERS**: investment in industrial plants through technological development and innovation in processes and products.
- **DEVELOPMENT OF CERTIFIED BUSINESSES**: organic and environmentally friendly products have more and more importance both in the Colombian market and around the world.
- **POWDERED MILK**: Joint Venture with business partners in order to increase production capacity.
- **DAIRY PRODUCTS**: access to international markets through processed foods such as yoghurt, cheese, and dairy products that are admissible based on public health standards.
BUSINESS NETWORKS

There is potential for strategic partnerships with companies focused on the production, transformation and commercialization of dairy products that have knowledge of consumption patterns and national distribution.

The Superintendency of Companies reports that there are more than 80 companies in Colombia in the dairy sector, and more than 50% are located in Bogota and Antioquia.

MAIN DAIRY PRODUCING COMPANIES IN COLOMBIA

CARIBBEAN REGION

Atlantico: Cooperativa de Productores de Leche del Atlantico Ltda. y Cooperativa Industrial Lechera de Colombia.

Cesar: Freskaleche S.A.

Magdalena: Alqueria.

Cordoba: Colanta.

COFFEE-GROWING REGION


Caldas: Central Lechera de Manizales S.A., Alpina.

Risaralda: Parmalat.

Quindio: Colanta Ltda.

ANDEAN REGION


Cundinamarca: Colanta Ltda. - Algarra S.A., Danone-Alqueria S.A. - Productos Lácteos El Recreo S.A.

Santander: Freskaleche S.A.

PACIFIC REGION

Valle del Cauca: Parmalat.

Cauca: Parmalat - Alpina.
LARGE COMPANIES HAVE CHOSEN COLOMBIA AS A PLACE TO INVEST

PARMALAT, ITALY
The company arrived in Colombia in 1995 with the launch of its first product: Parmalat Pasteurized Milk.

DANONE, FRANCE
The French company Danone entered the Colombian market in an alliance with Alqueria, opening a production plant in Cajica, Cundinamarca.

GRUPO GLORIA, PERU
The Peruvian company acquired 100% of the Colombian company Algarra in 2004.

INCENTIVES FOR MILK PRODUCTION
Colombia offers various incentives that could benefit the transformation of dairy products in Colombia: (i) the Free Trade Zone regime, which includes a special regime for dairy products, (ii) incentives for formalizing businesses, (iii) job creation incentives.

SUPPORT FROM PUBLIC ENTITIES FOR DEVELOPMENT

PRODUCTIVE TRANSFORMATION PROGRAM
Seeks to develop world-class sectors via the formulation and execution of sectoral business plans that favor economic growth and strengthen the national productive apparatus via public-private alliances.

FEDEGÁN, FEDERACIÓN NACIONAL DE GANADEROS DE COLOMBIA
[Colombian Livestock Federation]

PROCOLOMBIA
In charge of promoting investment, exports and tourism in Colombia.