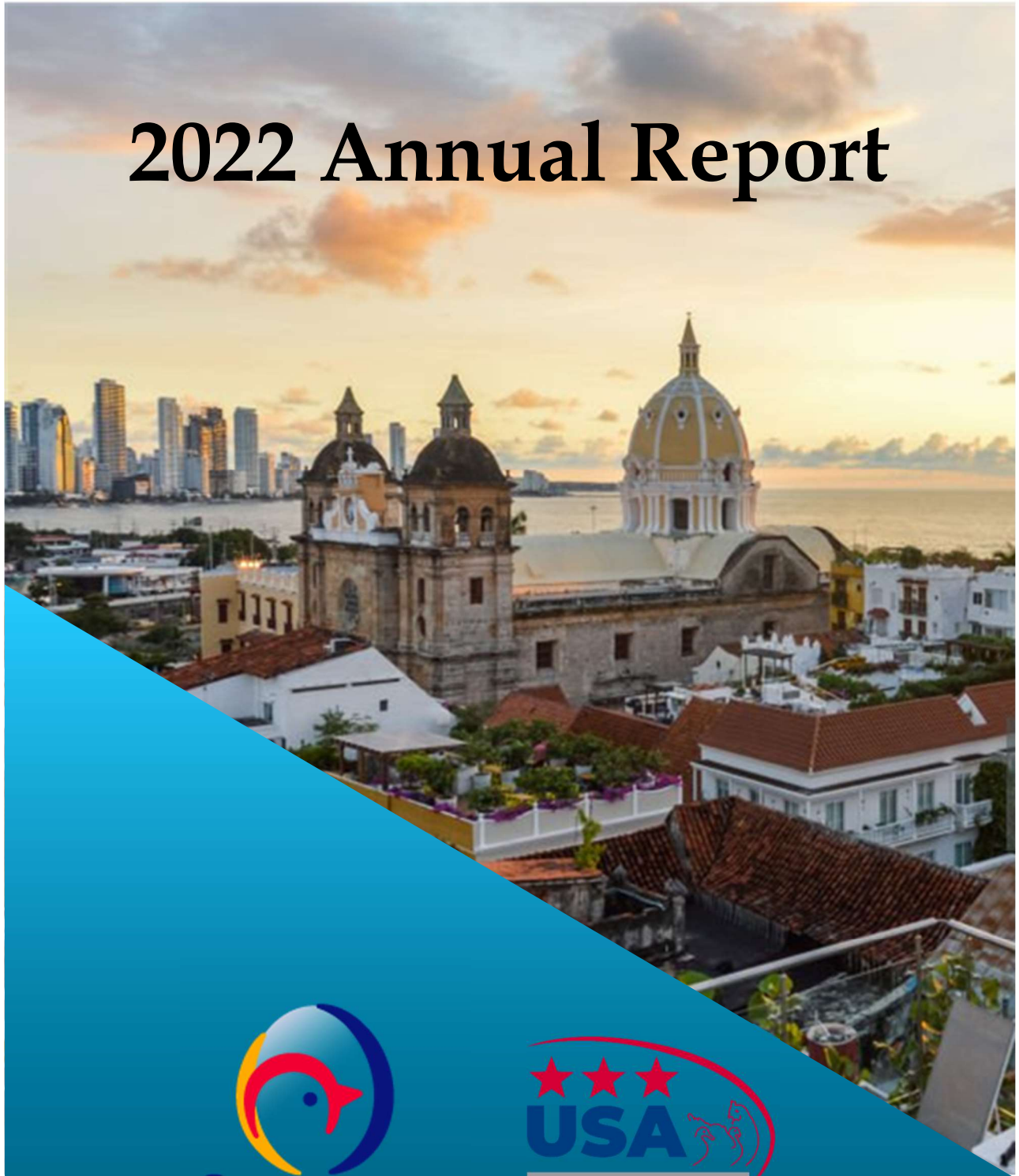


2022 Annual Report



Colombia Poultry Export Quota, Inc.

Picture credit: Starcevic, iStock

MISSION STATEMENT

The Colombia Poultry Export Quota, Inc. (COLOM-PEQ) is a not-for-profit corporation established to manage, on an open tender basis, the tariff-rate quotas (TRQs) for chicken leg quarters (CLQs) granted by the Republic of Colombia to the United States under the terms of the United States-Colombia Trade Promotion Agreement (CTPA). COLOM-PEQ then distributes the proceeds of the tender process to fund: (1) market access, market promotion, educational, scientific and technical projects to benefit the United States poultry industry, and (2) market access, market promotion, educational, capacity building, competitiveness, scientific and technical projects to benefit the poultry industry of Colombia. In this manner, COLOM-PEQ fosters the cooperation and integration of the poultry industries of both Colombia and the United States.

*** COLOM-PEQ's mission was established under the terms of an Export Trade Certificate of Review, issued by the U.S. Department of Commerce on August 14, 2012, and published in the Federal Register on September 4, 2012/ Vol. 77, No. 171/Notices, pp 53865-53867.**

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August 2023 - COLOM-PEQ Annual Board Meeting in San Juan, Puerto Rico

1. Chairman's Letter

In COLOM-PEQ's eleventh year of operations (2022), COLOM-PEQ held four open-tender auctions for the export of chicken leg quarters (CLQs) from the United States to Colombia under a duty-free tariff rate quota (TRQ) established in the United States - Colombia Trade Promotion Agreement (CTPA). TRQ for 35,932.62 metric tons (MT) out of an annual TRQ of 40,026 MT was auctioned off in a first and a second tranche of 10,007 MT each tranche, a third tranche of 10,006 MT, and a fourth tranche of 10,006 MT for which 5,912.62 MT was awarded. Auction receipts reached \$9,544,324.76, which is a significant increase of 135% from 2021. The TRQ awarded decreased by 10.50% compared to that same year.

Under the terms of the Export Trade Certificate of Review (ETCR) granted by the United States Department of Commerce, COLOM-PEQ distributes proceeds from the tender process to fund market development, educational, scientific, and technical projects, as well as capacity building and competitiveness projects, for the benefit of its poultry association members in Colombia (FENAVI) and the United States (USAPEEC).

Pursuant to its bylaws, COLOM-PEQ's chairmanship rotates among members on an annual basis. During COLOM-PEQ's annual and board meetings in August 2022, the Board appointed Mr. Eduardo Gonzales from USAPEEC as Chairman, and Mr. Luis Alvarez from FENAVI as Vice Chairman. Mr. Mateo Paz-Soldan and Ms. Violeta Gutierrez from the COLOM-PEQ Administration were confirmed as Secretary and Treasurer, respectively. As further stipulated in the bylaws, the member associations appointed six directors, three for each member association, for the period 2022-2023.

Under my term as Chairman for the current period 2023-2024, I look forward to working in collaboration with my fellow board members for the benefit of both poultry industry members, FENAVI and USAPEEC.

Sincerely,



Luis Alvarez
COLOM-PEQ Chairman 2023 - 2024

2. Directors and Officers

Pursuant to COLOM-PEQ's bylaws and the Export Trade Certificate of Review (ETCR) approved by the U.S. Department of Commerce, the members of COLOM-PEQ are the national trade associations representing the poultry industries of the United States, USA Poultry and Egg Export Council (USAPEEC), and the Republic of Colombia, Federacion Nacional de Avicultores de Colombia (FENAVI). A six-member Board of Directors appointed by these associations governs COLOM-PEQ.

Directors for 2022

Eduardo Gonzales



2022 Chairman
USAPEEC - United States

Luis Alvarez



Vice Chairman
FENAVI - Colombia

Gonzalo Moreno



Director
FENAVI - Colombia

Fernando Avila



Director
FENAVI - Colombia

James Sumner



Director
USAPEEC - United States

Omar Diaz



Director
USAPEEC - United States

Officers for 2022

In addition to Mr. Gonzales, who served as Chairman, and Mr. Alvarez, who served as Vice Chairman, Mateo Paz-Soldan and Violeta Gutierrez from the COLOM-PEQ's Administration, served as Secretary and Treasurer, respectively.

Mateo Paz-Soldan



Secretary

Violeta Gutierrez



Treasurer

3. Open Tender Process and Results

Under the terms of the ETCR and the CTPA, COLOM-PEQ is tasked with managing the TRQ for CLQs established for Colombia on a yearly basis.¹ COLOM-PEQ, through an independent Administrator, manages this TRQ through an open tender process, or auction, in which certificates for duty-free shipments of CLQs are awarded to the highest bidders, pursuant to ETCR requirements. Notice of each open tender process is published in advance both in the United States and Colombia. Bid specifications and contents are included in the notice and are also published on COLOM-PEQ's website. Once the open tender period closes, results are audited, and bidders are notified of the disposition of their bids. The complete results are sent to the governments and consolidated results are made available to the member poultry associations and to the public on the COLOM-PEQ website. Open tender proceeds are then maintained in an interest-bearing bank account until funding requests by the participating member associations are approved by the COLOM-PEQ Board (see

¹ See General Notes and Appendix 1 – Chicken Leg Quarters (Bone-in), Annex 2.3-COLOMBIA-Appendix I-4 of the text of the US-Colombia Trade Promotion Agreement.

Section 5). In the case of FENAVI, its projects must also be approved by the Ministry of Agriculture and Rural Development of Colombia.

The TRQ for CLQs agreed to by both governments for 2022 was 40,026 MT.² The Board agreed in October 2021 to hold four open tenders for shipment of CLQs TRQ to Colombia in 2022, which generated a total of \$9,544,324.76 in auction receipts. From the full TRQ amount of 40,026 MT, 90% or 35,932.62 MT was awarded. The average successful bid was \$265.62/MT and the lowest successful bid was \$44.08/MT. See Table 1.

Table 1
COLOM-PEQ Open Tender Results for 2022

Category	First Tranche Dec 9, 2021	Second Tranche Mar 10, 2022	Third Tranche June 9, 2022	Fourth Tranche Sept 8, 2022	Total
Available TRQ for Auction (MT)	10,007.00	10,007.00	10,006.00	10,006.00	40,026.00
TRQ Awarded (MT)	10,007.00	10,007.00	10,006.00	5,912.62	35,932.62
Average Successful Bid (\$/MT)	245.27	305.43	342.66	102.28	265.62
Lowest Successful Bid (\$/MT)	231.00	301.00	280.00	44.08	44.08
Auction Receipts (\$)	2,454,425.70	3,056,481.49	3,428,693.19	604,724.38	9,544,324.76

* Data compiled from COLOM-PEQ's audited financial statements and published online at www.colom-peq.org

The list of winners in the open tenders held for 2022 are published on the COLOM-PEQ website. These winners were:

- Andes Global International - Miami, FL
- AJC International Inc. - Atlanta, GA
- Bassett & Walker Inc. - Wilmington, DE
- Boston Agrex, LLC - Norwell, MA
- Canam Meats Inc - Atlanta, GA
- Gerber Agri International LLC - Atlanta, GA
- Globex International - New York, NY
- Intervision Foods - Atlanta, GA
- Kalypac International Inc - Miami, FL
- Lamex Foods Inc - Bloomington, MN
- Salpeca Corp - Doral, FL
- Sure Good Foods USA Inc - Atlanta, GA

² See U.S.-Colombia Trade Promotion Agreement, Annex 2.3-COLOMBIA-Appendix I-4, Paragraph 6(a).

4. Reporting and Outreach

An important part of the corporation's responsibilities includes informing the governments of the United States and Colombia of open-tender results, the dates selected for open tenders, and other key issues impacting the corporation. COLOM-PEQ must also comply with annual reporting requirements before the U.S. Department of Commerce and the U.S. Internal Revenue Service, and with requests for information by government authorities of the United States and Colombia.

In addition, the Administration meets trade authorities from the governments of Colombia and the United States periodically to provide updates and receive feedback with regards to TRQ management. In August 2022, the COLOM-PEQ Administration met with Colombian Customs, DIAN, to discuss COLOM-PEQ's operations. The meeting was held in Bogota right after the Annual Board Meeting in Cartagena, Colombia.

5. Disposition of Proceeds

COLOM-PEQ's ETCR requires that the proceeds of the open tender process are applied and distributed to the poultry industries of the United States and Colombia on a fifty percent (50%) basis each, to fund (1) market access, market promotion, educational, scientific and technical projects to benefit the United States poultry industry, and (2) market access, market promotion, educational, capacity building, competitiveness, scientific and technical projects to benefit the poultry industry of Colombia.³ The Administrator distributes these proceeds to fund projects in the aforementioned categories, after paying operating expenses at the end of each year. These distributions are made after funding requests by member associations are evaluated and approved by the Board based on compliance with ETCR requirements.

³ See: Federal Register of September 4, 2012/ Vol. 77, No. 171, pp. 53866.

FENAVI

Under the project entitled “2022 Investment Project of FENAVI’s Poultry Program,” COLOM-PEQ funds in the amount of \$1,657,300 supported several marketing campaigns, the continuation of a market study on foodservice, a quantitative study related to the “Pollo Colombiano” (Colombian Chicken) brand, and international trade support.

The following is a summary of the main components funded under the 2022 project:

Market Development

1. **Advertisements on national television**, of 10-30 seconds each, targeted the consumer segment between 25 - 35 years old (household managers) to continue to stimulate chicken consumption as the country's most preferred protein.
2. **The Colombian Chicken Festival**, aimed to increase chicken meat sales in food service. Funds provided prizes to contest winners that submitted a short video showcasing a chicken recipe.
3. **Christmas Campaign**: A BTL (below-the-line) activity, such as online sweepstakes, which aims to promote the ATL (media) campaign to be carried out by FONAV/FENAVI, to encourage chicken meat consumption during the Christmas holidays.

“Pollo Shares” posts share during World Chicken Day, which is a social media campaign to support FENAVI’s “Pollo Shares” initiative. This activity provided chicken-based meals at least three times per week to 2,500 vulnerable children per year. The shares encouraged donations of chicken meat while helping positioning the “Pollo Colombiano” brand as

socially responsible. Funds for this activity were carried over from the 2021 project.

4. **Continuation of Market Study of Chicken Consumption in Food Service**, in six major cities where nearly 60% of food service sales are concentrated. This study complemented an annual household consumption research project and aimed to help identify trends such as change in consumer behavior toward restaurants, purchasing power, and other external variables subject to analysis.
5. **A Quantitative Study to Measure the Top of Mind (TOM) of the “Pollo Colombiano” Brand**, measured the progress of the TOM percentage under the vision of the “Pollo Colombiano” brand to discover opportunities and consolidate brand attributes. Funds for this activity were carried over from the 2021 project.

See Figure A for FENAVI’s market development activities held in 2022.

Market Access

6. **International trade support**, aimed to provide guidance to FENAVI on the implementation of international trade agreements and market access, including legal support, advocacy on related public policy and trade issues, providing studies and briefs on topics of interest, and mentoring poultry companies that would like to export.

USAPEEC

In 2022, USAPEEC did not request funds for projects, although they are continuing to use 2021 funds for their technical service, communications and marketing programs.

Figure A Market Development Activities in 2022 for FENAVI

The Colombian Chicken Festival



Pollo (Chicken) Shares



Source: FENAVI in social media

6. Audited Financial Statements

Statement of Financial Position December 31, 2021 and 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 18,006,870	\$ 11,014,892
Accounts receivable	23,168	-
Prepaid expenses	6,257	5,222
Total Current Assets	<u>18,036,295</u>	<u>11,020,114</u>
TOTAL ASSETS	<u>\$ 18,036,295</u>	<u>\$ 11,020,114</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,507	\$ 4,113
Deferred auction revenue	1,562,961	2,454,426
Total Current Liabilities	<u>1,564,468</u>	<u>2,458,539</u>
Net Assets Without Restrictions	<u>16,471,827</u>	<u>8,561,575</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,036,295</u>	<u>\$ 11,020,114</u>

*The information on this annual report is compiled from audited financial statements.

Statement of Activities and Changes in Net Assets For the Year ended December 31, 2022

	Net Assets Without Restrictions			
	General Operating Fund	Board Designated Funds		Total
		Colombia	United States	
Revenues				
Auction revenues	\$ 9,544,325	\$ -	\$ -	\$ 9,544,325
Membership fees	-	1,832	23,168	25,000
Interest income	-	72,137	110,471	182,608
Total Revenues	<u>9,544,325</u>	<u>73,969</u>	<u>133,639</u>	<u>9,751,933</u>
Expenses				
Accounting and auditing	8,379	-	-	8,379
Auction advertising	5,900	-	-	5,900
Bank fees	1,684	-	-	1,684
Consulting and management fees	89,141	-	-	89,141
Insurance	6,421	-	-	6,421
Licenses and filing fees	356	-	-	356
Office expense	730	-	-	730
Postage and delivery	24,261	-	-	24,261
Project costs	-	1,657,300	-	1,657,300
Travel	40,893	-	-	40,893
Website expenses	6,617	-	-	6,617
Total Expenses	<u>184,382</u>	<u>1,657,300</u>	<u>-</u>	<u>1,841,682</u>
Change in Net Assets Without Restrictions	9,359,943	(1,583,331)	133,639	7,910,251
Transfer from general fund to board designated funds	(9,359,943)	4,679,972	4,679,972	-
Net Change After Transfer	-	3,096,641	4,813,611	7,910,251
Net Assets Without Restrictions, Beginning of Year	-	3,423,138	5,138,439	8,561,576
Net Assets Without Restrictions, End of Year	<u>\$ -</u>	<u>\$ 6,519,778</u>	<u>\$ 9,952,049</u>	<u>\$ 16,471,827</u>

*The information on this annual report is compiled from audited financial statements.

Statement of Activities and Changes in Net Assets

For the Year ended December 31, 2021

	Net Assets Without Restrictions			
	General Operating Fund	Board Designated Funds		Total
		Colombia	United States	
Revenues				
Auction revenues	\$ 4,057,026	\$ -	\$ -	\$ 4,057,026
Membership fees	-	1,571	18,714	20,285
Interest income	-	17,326	29,113	46,439
Total Revenues	<u>4,057,026</u>	<u>18,897</u>	<u>47,827</u>	<u>4,123,750</u>
Expenses				
Accounting and auditing	10,681	-	-	10,681
Auction advertising	5,900	-	-	5,900
Bank fees	1,569	-	-	1,569
Consulting and management fees	85,714	-	-	85,714
Dues and subscriptions	235	-	-	235
Insurance	5,280	-	-	5,280
Licenses and filing fees	272	-	-	272
Office expense	2,299	-	-	2,299
Project costs	-	1,492,700	1,500,000	2,992,700
Postage and delivery	20,497	-	-	20,497
Travel	24,707	-	-	24,707
Website expenses	6,583	-	-	6,583
Total Expenses	<u>163,737</u>	<u>1,492,700</u>	<u>1,500,000</u>	<u>3,156,437</u>
Change in Net Assets Without Restrictions	<u>3,893,289</u>	<u>(1,473,803)</u>	<u>(1,452,173)</u>	<u>967,313</u>
Transfer from general fund to board designated funds	<u>(3,893,289)</u>	<u>1,946,645</u>	<u>1,946,645</u>	<u>-</u>
Net Change After Transfer	<u>-</u>	<u>472,842</u>	<u>494,472</u>	<u>967,313</u>
Net Assets Without Restrictions, Beginning of Year	<u>-</u>	<u>2,950,296</u>	<u>4,643,967</u>	<u>7,594,262</u>
Net Assets Without Restrictions, End of Year	<u>\$ -</u>	<u>\$ 3,423,137</u>	<u>\$ 5,138,438</u>	<u>\$ 8,561,575</u>

*The information on this annual report is compiled from audited financial statements.

Statement of Cash Flows

For the Years ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities:		
Change in net assets	\$ 7,910,251	\$ 967,313
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	(23,168)	-
Prepaid expenses	(1,035)	(935)
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,605)	324
Deferred auction revenue	(891,465)	1,860,628
Net Cash Provided (Used) by Operating Activities	6,991,978	2,827,330
Cash and Cash Equivalents at Beginning of Year	11,014,892	8,187,562
Cash and Cash Equivalents at End of Year	\$ 18,006,870	\$ 11,014,892

*The information on this annual report is compiled from audited financial statements.

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