



INTERNATIONAL
TRADE
ADMINISTRATION

Opportunities in Colombia



Colombia at a Glance



- 3rd largest population in Latin America
- Location, location, location
- Strong U.S. ally
- Free Trade partner as of May 15, 2012

Headlines: Government



- Among region's oldest and most stable democracies
- President approval 78%
- Results: Juan Manuel Santos 69%
 Antanas Mockus 27.5%
- Municipal Elections Held: Oct 2011
- Next Presidential Elections: May 2014

Colombia at a Glance: Demographics

- Middle class is a growth indicator for buying power and opportunity for innovation.
Percentage of people in 20-40 age group:

20-29	17%
20-34	24%
20-39	31%



- The middle class represents 35.3% of the total Colombian population

Why Colombia?

An Economic Miracle

- **Next Tier Market** under President Obama's National Export Initiative
- GDP growth of 5.9% in 2011
7.7% in 3rd quarter of 2011
- Emphasis on Major projects - \$26B - next four years
- Direct investment: \$13B



Why Colombia?

An Economic Miracle

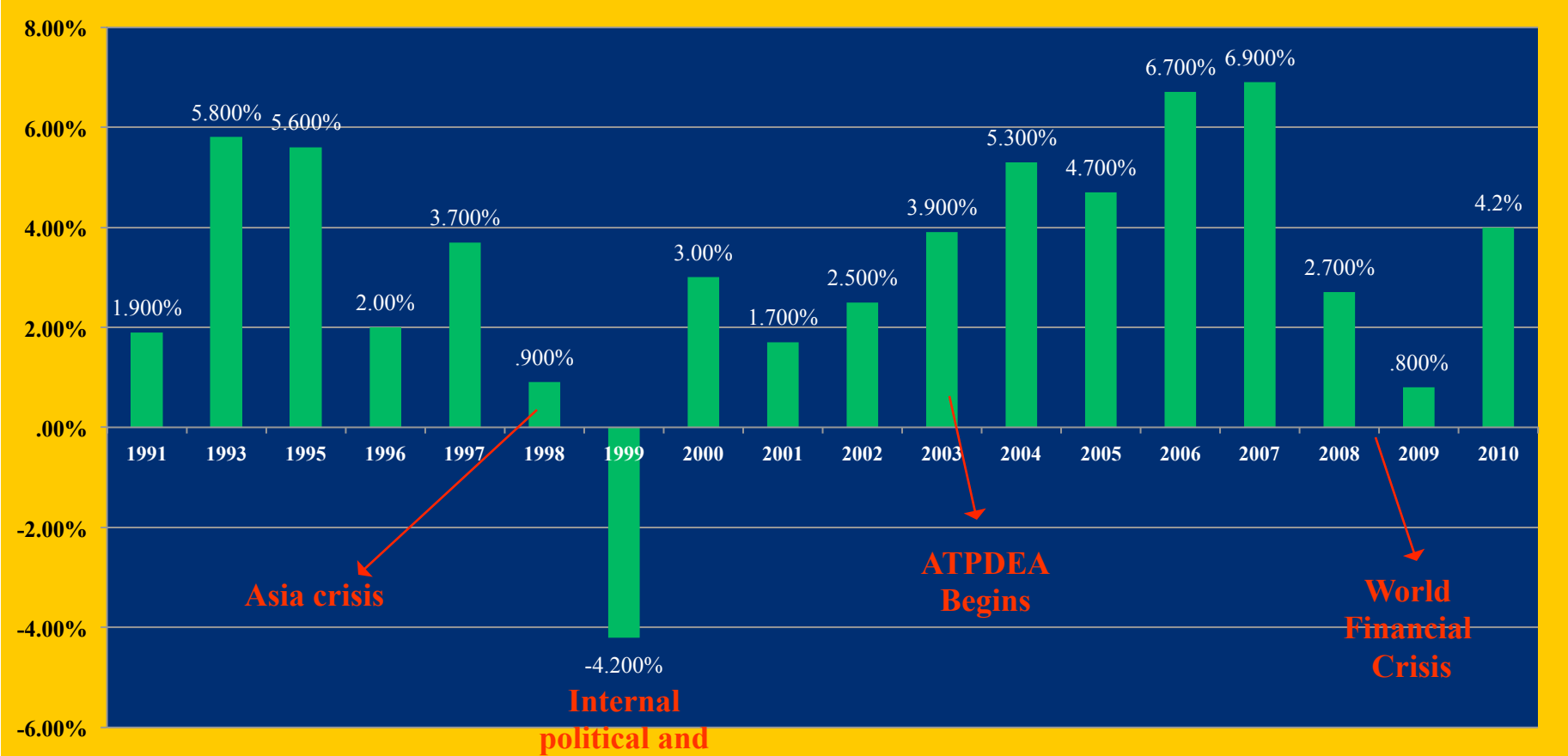
- Logistics platform
- Well managed foreign debt
- Investment grade status
- Frequent travel to U.S.
- U.S. products preferred
- Growing population



Photo: New El Dorado Airport



Why Colombia? GDP Growth 1991-2010



Source: DANE/IMF
*GDP per capita (nominal value)

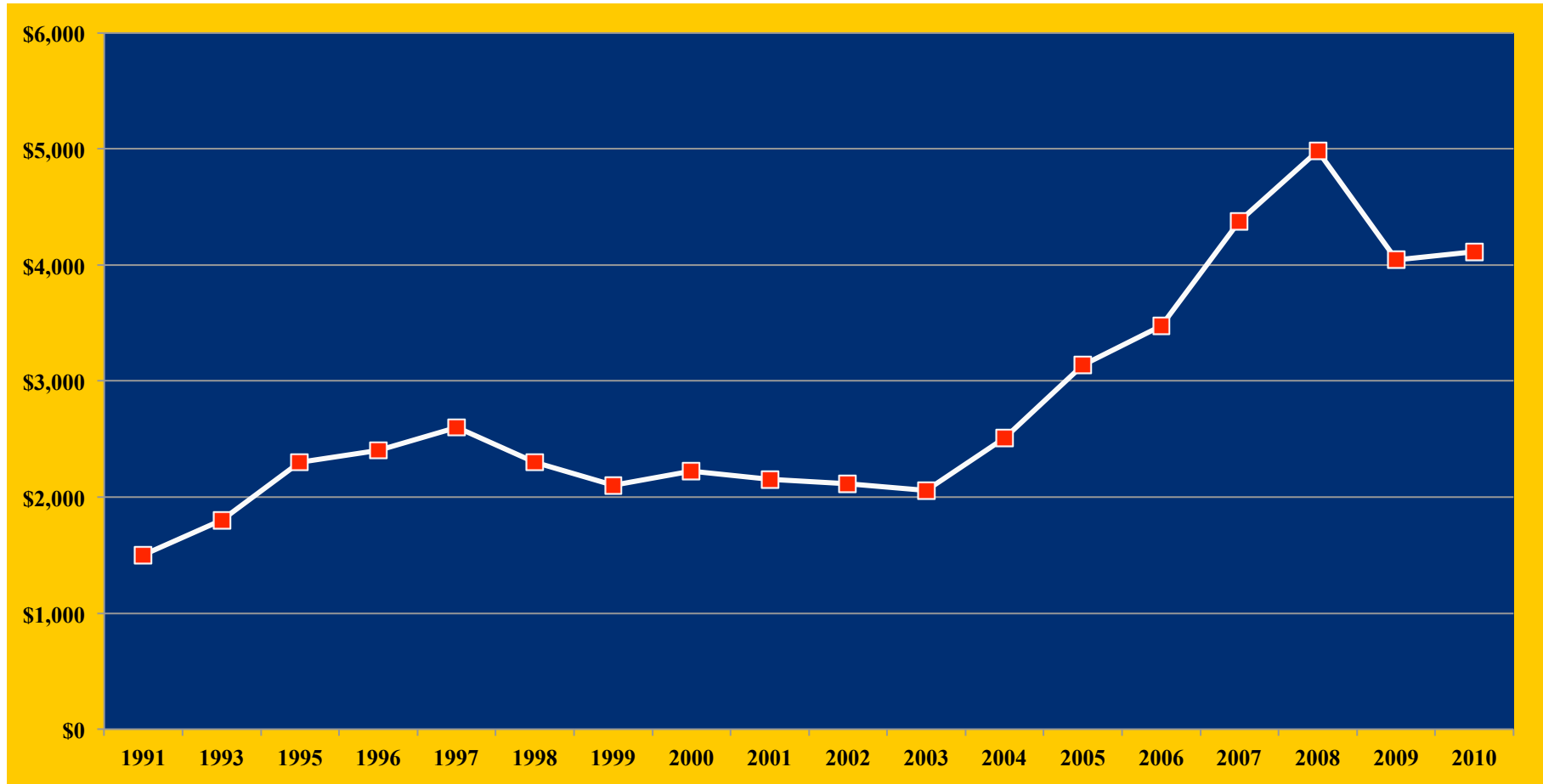
U.S. Department of Commerce
International Trade Administration



Why Colombia?

GDP Per Capita Growth

1991-2010



Source: DANE/IMF

*GDP per capita (nominal value)

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Challenges

Social

- Obtain a peaceful solution to the internal conflict
- Defeat corruption in official agencies
- High displacement rate
- Reduce poverty



Economic

- Large informal economy
- Bureaucracy and red tape
- Sluggish judiciary
- Tax evasion
- SMEs lack access to credit

Trade & Investment

- U.S. Exports in 2011: **\$14.3 billion** in merchandise
- Our **22nd largest export market** globally
- Top U.S. exports: **Machinery** (21.7%); **Mineral Fuel, Oil** (20.1%); **Electrical Machinery** (9.5%); **Organic Chemicals** (5.9%); **Plastic** (5.2%)
- Top U.S. imports: **Mineral Fuel, Oil** (74.9%); **Precious Stones, Metals** (9.8%); **Spices, Coffee, Tea** (4.1%); **Live Trees, Plants** (3.1%); **Fruits, Nuts** (0.9%)
- U.S. FDI in Colombia: **\$6.6 billion**

Market Trends: Major Projects

- TransMilenio - Bogotá
- Two Refinery Modernization projects
- Ports - Cartagena, Salgar, Buenaventura
- Infrastructure - Roads, El Dorado Airport



Market Trends:

Colombia's FTA Negotiations

Agreements implemented:

- Andean Community (CAN) (Ecuador, Peru, Bolivia)
- Mercosur (Argentina, Brazil, Paraguay, Uruguay)
- Mexico
- Chile
- Canada
- **USA**



Ratified:

- Honduras, El Salvador and Guatemala
- European Free Trade Association EFTA (Switzerland, Norway, Iceland and Liechtenstein)

Pending implementation:

- European Union

Market Trends: U.S.-Colombia FTA

- Will help NEI but is NOT a cure-all
- It can: - Increase exports to Colombia by \$1.1 billion
 - Create/save jobs



- Increase market access for goods and Colombia's \$180 billion services market
- Elimination of Non-tariff barriers to trade
- Improve business climate by reducing corruption and informality

Colombia: Leading U.S. Exports & Best Prospects

- OIL AND GAS MACHINERY AND SERVICES
- TRANSPORTATION AND INFRASTRUCTURE
- CONSTRUCTION AND MINING EQUIPMENT
- TELECOMMUNICATIONS EQUIPMENT AND SERVICES
- INFORMATION TECHNOLOGY
- MILITARY EQUIPMENT
- AUTOMOTIVE PARTS AND ACCESSORIES
- ELECTRICAL POWER SYSTEMS
- TRAVEL AND TOURISM
- FOOD BEVERAGE PROCESSING/PACKAGING EQUIPMENT
- MEDICAL EQUIPMENT

Market Practices

Tips for Success in Colombia

- Be informed - Read CCG
- Use situational awareness for security
- Colombia: Check the “Clinton List” / OFAC website
- Identify partners/background check
- Include arbitration clause in contracts
- Be familiar with the laws and regulations
- Always get legal advice

Market Practices

Tips for Success in Colombia

- Language & translate materials
- Don't push for big orders ... ease into it
- Stay well informed - things change very quickly in Colombia - Info is critical
- Be aware that Colombia has its own cultural nuances

Colombia FTA: Online Resources

- [Export.gov/fta/colombia](http://export.gov/fta/colombia)
 - Rules of Origin; Industry Reports; contacts
- **FTA Tariff Tool:**

An easy- to- use tool to learn about tariff rates:
<http://export.gov/fta/ftatarifftool/>



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