Doing Business in Colombia:

2014 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Colombia

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The Republic of Colombia is the fourth largest economy in Latin America, after Brazil, Mexico, and Argentina, and has the third largest population with approximately 46 million inhabitants. It is the only country in South America with two coasts (Pacific and Caribbean), which provides tactical shipping advantages in today's global economy. Aided by major security improvements, steady economic growth, and moderate inflation, Colombia has become a free market economy with major commercial and investment ties to the United States, Europe, Asia and the rest of Latin America. Since the implementation of the U.S.-Colombia Free Trade Agreement (FTA) on May 15, 2012, U.S. exports to Colombia have increased nearly twenty percent.

Nevertheless, Colombia may be a far different country than many U.S. exporters expect. In fact, the past ten years have brought extraordinary change to the country in terms of economic development due to improvements in the national safety and security situation. Strong political stability, a growing middle class (35.3 percent of the population), and improved security have created an economic boom in Colombia that, coupled with the government's conservative fiscal policies, lessened the impact of the global economic crisis. Key economic indicators demonstrating the positive long-term effect of Colombia's political and economic policies include: GDP growth of 4.3 percent in 2013; and foreign direct investment of US$ 16.8 billion in 2013, a record for Colombia, which is an increase over the previous record of US$ 15.3 billion in 2012. These are all signs of a strong and growing economy.

Due to Colombia's close ties to the United States and Colombians' appreciation for the quality and reliability of U.S products, consumers in Colombia often favor U.S. products and services over those of our foreign competitors. The United States is Colombia's largest trading partner and Colombia was the 22nd largest market for U.S. exports in 2012. U.S. exports to Colombia in 2013 topped US$ 16 billion, an increase of more than 14 percent over 2012.

Colombia is unique in that there are five bona fide commercial hubs in the country: Bogota, Medellin, Barranquilla, Cali, and Cartagena. As opposed to the majority of Latin American countries that have one or two major cities, Colombia offers U.S exporters access through multiple commercial hubs, each of which has its own American Chamber of Commerce. While these cities, and many other secondary cities, offer unique market opportunities, they are close enough via air routes that is common to have one partner (agent, distributer, or representative) to cover the whole country.

Coal mining and oil and gas exploration/production are the principal areas of U.S. foreign direct investment, followed by consumer goods, high tech and tourism/franchising sectors. A sample of the major U.S. companies in Colombia include: Drummond, Chicago Bridge and Iron, General Electric, General Motors, Occidental Petroleum, ChevronTexaco, ExxonMobil, Microsoft, Unisys, Kimberly Clark, Johnson and Johnson, Goodyear, Kraft, 3M, Pfizer, Baxter, Corning, Marriott, and Sonesta Collection Hotels.

The next couple of years will bring greater investment in infrastructure projects ranging from roads (US$ 26 billion allocated over the next 4 years), airport modernizations, port construction, and railway projects. New FDI will begin to be reflected in major hotel (Hilton and Hyatt) and infrastructure (highway, mass transportation, ports and airport) projects.

The Colombian government has implemented bilateral or multilateral trade agreements with most countries in North and South America, including the United Stated and Canada. The European Union ratified a Free Trade Agreement with Colombia in December 2012, which entered into force in August 2013. An FTA was signed with South Korea in February 2013 and one with Panama was signed in December 2013. Colombia has also initiated FTA negotiations with Japan, and Turkey.

The U.S.-Colombia FTA entered into force on May 15, 2012, , which immediately eliminated import tariffs on 80 percent of U.S. exports of consumer and industrial products to Colombia, with remaining tariffs phased out over one to ten years. Other provisions include strong protection for U.S. investors (legal stability), expanded access to service markets, greater intellectual property rights protection, market access for remanufactured goods, increased transparency and improved dispute settlement mechanisms (arbitration).

Market Challenges Return to top

As with any market, there remain challenges to doing business in Colombia (some of which were eliminated with the implementation of the FTA). Several are listed below:

- Colombia has struggled with the requirements of the existing government procurement framework, which calls for open bidding in public tenders. As such there can be a lack of transparency, fairness, and truly competitive bidding conditions in many tenders.
- Only firms licensed under Colombian law may provide legal services. Foreign law firms can operate in Colombia by forming a joint venture with a Colombian law firm and operating under the licenses of the Colombian lawyers in the firm.
- Economic needs tests are required when foreign providers of professional services operate temporarily; and residency requirements restrict trans-border trade of certain professional services, such as accounting, bookkeeping, auditing, architecture, engineering, urban planning, and medical and dental services.
- A commercial presence is required to provide information processing services or to bid on Colombian government contracts.
- Telecommunications barriers to entry include cross subsidies, the requirement for a commercial presence in Colombia, and an economic needs tests.
- For firms with more than ten employees, no more than 10 percent of the general workforce and 20 percent of specialists may be foreign nationals.

- International banking institutions are required to maintain a commercial presence in Colombia through subsidiary offices.
- Insurance companies are restricted from offering policies to underwrite risk on government sponsored infrastructure projects due to Colombian regulations that do not recognize insurance policies as equivalent to bank guarantees.
- Colombia has been on the Special 301 "Watch List" every year since 1991, reflecting ongoing challenges in the enforcement of intellectual property rights.
- Customs duties have been consolidated into four tariff levels: 0 to 5 percent on capital goods and industrial goods and raw materials not produced in Colombia, 10 percent on manufactured goods with some exemptions, and 15 to 20 percent on consumer and "sensitive" goods. Exceptions include automobiles, which are subject to a 35 percent duty. A group of agricultural products is protected by a price band mechanism that offers variable duties as high as 100 percent. The majority of U.S. made products are not subject to an import duty due to the FTA. The duties for some products are being phased out over a period of up to ten years. For these products the duty is being reduced each year until it becomes zero.

Market Opportunities

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On the other side of the ledger, Colombia provides significant opportunities for U.S. exporters:

- Colombia's extensive, planned infrastructure projects will require: project financing, public works subcontracting, logistics, construction equipment for public roads and airports; water treatment, water supply, electric power generation, oil and gas exploration and pollution control equipment, air navigational and port security aids, railway construction, transportation equipment, security and defense items and services, and mass transit systems. The city of Bogota is in the early process of developing a metro and continues to expand its bus rapid system.
- Awarded to OPAIN in 2006, Bogotá's El Dorado International Airport still requires massive upgrades. The Medellin/Rio Negro airport upgrade is underway and the Northeast airports concession has been awarded. All concessionaires are seeking equipment to modernize their facilities.
- The United States Trade and Development Agency (USTDA) and EXIM Bank support U.S. companies as they craft solutions to development challenges and make inroads in key sectors such as oil and gas, petrochemicals, renewable energy, telecommunications, and ports. USTDA grants have resulted in big U.S. company wins at the country's two refineries. EXIM's preliminary commitment of US$ 1 billion to Ecopetrol and US$ 2.8 billion to Reficar for its refinery project will provide a myriad of export opportunities for U.S. exporters of oil and gas equipment and services. USTDA grants for customs security and operational enhancements at the ports in Cartagena, Buenaventura, and Puerto Salgar should also increase prospects for U.S. exporters.
- Significant U.S. export opportunities not already mentioned include: cotton, wheat, corn soy products, automotive parts and accessories, tourism, computer hardware and software services, IT equipment and services, plastics materials and resins, electrical power systems, safety and security equipment, food and

beverage processing and packaging equipment, medical equipment, oil and gas equipment, mining equipment, franchising, and education.

Market Entry Strategy Return to top

Market entry strategies are as follows:

- Secure an agent, representative, or distributor in Colombia, which requires a contract that meets the provisions of the Colombian Commercial Code.
- Focus on formality, personal relationships, and trust when negotiating agreements and contracts.
- Communicate with the U.S. Commercial Service and the Economic sections of the U.S. Embassy in Bogotá regarding specific concerns.
- Offer excellent after-sales service arrangements and maintain the sales relationship. Warranties or guarantees on imports are critical for supporting after sales service in Colombia.
- Provide high quality products and/or services, affordable financing and competitive pricing.
- Support your local partner's marketing efforts with advertising campaigns or by participating in trade shows. Do not be hands off; visit often.
- Spanish-language sales collateral and service manuals are essential, and may be required in certain sectors, like medical products. U.S.-based staff with a strong knowledge of Spanish is certainly helpful.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/35754.htm

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Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

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Colombian law does not require foreign firms to secure local representation for private sector sales. However, Colombians prefer to deal with companies that have a local representative to ensure access to after-sales services. The one exception to this law is for sales to the government, which do require foreign bidders to have legal representation in Colombia.

To secure an agent, representative, or distributor, the foreign company must execute a contract that meets the provisions of the Colombian Commercial Code. This contract must be registered with the Chamber of Commerce in the city where the agent/representative is located. Agency or representation agreements do not require government approval.

An agent or representative differs from an appointed distributor. The former is legally associated with the principal and may enter into legal agreements on the principal's behalf, while the latter may act independently from the principal. Distributors may purchase items from a foreign supplier or wholesaler and then sell them locally at their own discretion and risk.

The U.S. Commercial Service recommends that U.S. companies consult a local attorney to execute an agency or distribution contract and to thoroughly vet the prospective partner by conducting a background check. Formality, personal relationships and trust are key ingredients for a long lasting contract. Colombians want to know their supplier or business partner personally before deciding whether he or she is trustworthy. U.S. companies seeking agents, distributors, or representatives in Colombia should consider contacting the U.S. Commercial Service office to request assistance in entering the Colombian market.

Establishing an Office

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There are three common forms of organizing your business in Colombia: a corporation, a limited liability partnership, and a branch or subsidiary of a foreign corporation. U.S. firms should obtain legal and tax related advice from a Colombian law firm or accounting firm. The U.S. Commercial Service office has a list of attorneys on its website: http://export.gov/colombia/businessserviceproviders/index.asp

A branch office of a foreign corporation must operate under the rules applicable to Colombian corporations. Its liability is limited to assigned capital and it must be registered with a Notary Public in its place of domicile. The following documents must be registered with the Notary Public: 1.Certificate of existence and legal representation of the parent company, issued by the competent authority of the country of incorporation. In case of a natural person, a copy of the passport must be provided. 2. Power of attorney authorizing a representative to act on behalf of the parent company. 3. Bylaws of the parent company. 4. Resolution from the company in the United States authorizing the opening of its branch in Colombia.

The previous documents must have the legalization process established according to Colombian legislation. Be sure to check with the Colombian Embassy in Washington, DC about whether specific documents originating in the United States require an apostille from the Colombian Consulate or Embassy to validate their use in Colombia.

Companies should follow these additional steps, at a minimum, when establishing a business in Colombia:

I. Formalize a public document:

All the aforementioned documents will be required for this step. Prepare company bylaws (Escritura Pública) and register the entity with a Notary Public, (Notario) stating the purpose of the firm, capital, legal representative, etc. This step takes two to three days and costs approximately 0.0027 percent of the amount of capital being registered. A 16 percent Value-Added Tax (VAT) will be charged. The public deed must be signed by the representative of the foreign company in Colombia.

II. Acceptance letters of the representatives of the branch:

Letters of acceptance must be obtained from the representatives approved in the bylaws of the company, such as the legal representative and his/her deputy. Such letters should include the full name of the person accepting the position, title, document, identification number and signature.

III. Get a Unique Tax Registry (RUT- Registro Unico Tributario**):**

This procedure may be done personally or through a representative at the Tax Office, in order to obtain the NIT (Taxpayer Identification Number) of the branch. The bylaws, letters of acceptance, and additional forms for tax purposes (RUT and NIT if any) must be filled out indicating the taxes to which the company is subject to and must be registered with the Chamber of Commerce assigned to the address where the branch is located. Registry in the Chamber of Commerce is subject to payment of registration tax, equivalent to 0.7 percent of the amount of capital allocated to the branch. This registration must be renewed annually at the Chamber of Commerce.

IV. File the Company's Ledgers and other corporate books at the Chamber of Commerce :

All companies (including branches of foreign companies domiciled in Colombia) must register themselves and their accounting books, including: daily journal entries, balance sheet, meeting minutes, and other required documents by law in the Commercial Register of the Chamber of Commerce in the cities where they are located.
Please check the current cost to register the books at
http://camara.ccb.org.co/documentos/11594_tarifasregistrosp2013f.pdf

V. Open an account at the bank of your choice:

Every new branch must open a bank account. Investors will deposit the capital in this account.

VI. Register the foreign investment with the Central Bank:

Once the investment is made, that is, once the initial capital assigned is registered by the company, any subsequent capital increases must be registered with the Central Bank (Banco de la República). The registry process varies according to the destination of the funds.

Franchising Return to top

The number of franchises in Colombia has more than doubled over the past 10 years. This boom has been driven by a better understanding and acceptance of the concept of franchising by many local firms, and by the improvement in international perception of the business environment due to the implementation of newly-signed free trade agreements.

After a pilot project of the Inter-American Development Bank (IDB) and ten Colombian Chambers of Commerce to foster the development of franchising from 2006 through 2009, an ever growing number of companies have adopted franchising as a safe and less complex way of expanding their business.

According to industry sources, during 2012 the franchise sector grew by 13 percent when compared with the previous year. This trend is estimated to have continued through 2013, with year-to-date growth as of June estimated at 6 percent, and forecasts for the whole year at approximately 10 percent. Growth in the number of franchised concepts went from 427 registered brands in 2011, to 483 brands at the close of 2012. By mid-June of 2013, this number stood at 513, trailing Brazil (>2000), Mexico (>1000) and Argentina (563), but considerably ahead of Peru (268), Costa Rica (215), and Chile (142).

International concepts have increased vis-a-vis national franchising concepts, with the former taking up 57.5 percent of the total share of businesses, and the latter decreasing from 51 percent to 42.5 percent in 2011. The breakdown by country of origin of international franchises in Colombia has the United States at the lead, with 22.3 percent of the total. Next come European countries such as Spain (7.2 percent), Italy (5.4 percent), England (2.8 percent) and France (2.6 percent); as well as a few Latin American countries such as Argentina (2.2 percent) and Brazil (1.8 percent).

By sector, the largest share of franchising concepts in 2013 was found in the clothing and fashion industry, with approximately 25 percent of the total. Specialty stores came in second place (11.4 percent), followed by fast food (approximately 8 percent), and restaurants and bars (7.3 percent).

There is a high concentration of franchise retailers in Colombia's three major population centers (Bogota, Medellín and Cali), leaving a lot of potential for franchise development in other important cities with populations of or around 1 million people, such as Barranquilla, Cartagena, Bucaramanga and the three cities within what is called the coffee region (Armenia, Manizales, and Pereira).

In general terms, the concept of franchising in Colombia is yet to obtain the same degree of development as it has in developed countries such as the United States. However, as Colombia's economic fundamentals have held stable and continue to improve, the outlook for franchising in Colombia is decidedly positive. Over the last decade, Colombia's GDP per capita increased from just over $6,000 in 2000 to well over $10,000 by 2012. It is also estimated that the middle class grew from approximately 15 percent of the population in 2002 to 29 percent as of mid-June 2013. This amounts to almost 14 million people out of Colombia's total 47 million inhabitants. It is estimated that only 3 percent of the Colombian population is in the high income bracket, which explains why Colombia, like many other Latin American markets, is a very price sensitive market. Familiarity with international franchising concepts remains closely correlated with income bracket, with only the higher brackets being familiar with newer and more novel concepts. Still, while the group with stronger purchasing power is more likely to adopt foreign concepts, some franchising concepts have demonstrated how they can quickly gain market appeal in the lower demographics by offering good products with interesting discounts.

In terms of intellectual property, Colombia has in place adequate institutions to guarantee the rights of companies that have been diligent in the registry of their brands and other intellectual property. There are no specific regulations pertaining specifically to the enforcement of franchising activities and agreements, which are regulated by Commercial Law and treated as "mercantile contracts" (Contrato Mercantil).

As Colombia's economy is expected to continue growing at a stable and dynamic rate, it is very likely that franchising will continue to develop, both in terms of national and foreign concepts. Furthermore, with the increase in the development of new shopping centers in intermediate cities, growth is likely to benefit both established and up and coming players.

In terms of outlook by franchising category, food and beverages will continue to benefit the most from current economic trends, followed by clothing retail concepts. Services franchises are just starting to gain traction and have yet to become an attractive business opportunity for most investors, with the largest share found in the specialized services (7 percent), health (4 percent), and education and training (3 percent) categories.

Direct Marketing Return to top

Direct marketing is popular in Colombia. Its growth has been fueled by such factors as technological advances in printing and distribution, the spread of cable TV, the increased use of credit cards and flexible payment plans, and changing lifestyles. Other factors include: more women entering the job market and people seeking ways to save time in making household purchases. Many stores and large distributors are producing their own catalogs for phone, mail orders, e-mail, or the web with products that can be paid for with cash, check, debit or credit cards.

E-commerce is a viable marketing alternative. The U.S. Commercial Service suggests that U.S. companies consult a local attorney before entering into e-commerce sales or contractual agreements. Internet sales in Colombia are growing rapidly as is TV marketing. Courier services are available for legal credit card purchases in the United States to be shipped to addresses in Florida and then on to Colombia. Direct shipping to Colombia is also an option.

International direct marketing is becoming more popular in Colombia. U.S. firms can take advantage of improved legislation for postal, express, and courier shipments. The Colombia Customs Code contains postal and courier shipping rules. Certain postal shipments (correspondence, postcards, and printed materials) are exempt from licensing requirements and payment of duties. At present, courier or express shipments with a value of less than US$ 1,000 and a weight of under 20 kilograms are freely imported and classified under HS 98.03.00.00.00, but are subject to a 10 percent Cost Insurance and Freight (CIF) tariff and 16 percent VAT on the CIF-duty-paid value of shipments. Rules apply to both air and surface shipments. However, it is expected that later in 2014 products with a value of US$ 200 or less will be able to enter Colombia without being subject to tariff or tax. The Colombian Congress passed the postal law in December 2009. Firms are advised to re-check existing regulations to determine the impact of the proposed changes on their business plans.

Joint Ventures/Licensing Return to top

Globalization has created a pressing need for a range of new technologies in Colombia. Although joint ventures and licensing agreements have been important business practices in Colombia, recently they have become even more important as businesses strive to become more competitive.

To remain competitive with their neighbors, Colombian industry urgently needs to modernize many of its processes, (this implies product diversification for alternative markets through changes in production facilities) and to upgrade obsolete equipment. To reach these goals, local industry is acquiring new capital equipment and state-of-the-art technology.

Leasing is also used to finance modernization projects in Colombia. One of the essential characteristics of leasing, as a financial service within the framework of the Colombian economy, is that it is an adequate tool for investment financing under industrial re-conversion policies. Leasing may be used for government contracts, and in some cases eliminates the need for a tender as the asset will not be retained by the state at the end of its useful life.

The approval of the FTA between the United States and Colombia further strengthens prospects for joint ventures and licensing agreements, as the investment, intellectual property and dispute settlement chapters should create more certainty for U.S. companies and investors interested in doing business with Colombian companies and individuals.

Selling to the Government Return to top

Government entities, institutions, and commercial enterprises must follow the provisions of Law 80 of October 31, 1993, which regulates purchases made and contracts entered into by the government and state industrial and commercial enterprises.

Under Law 80, Colombian government contracting agencies must select contractors through a public competitive bidding process. There are a few exceptions to this rule, which are clearly established in Article 24 of Law 80. The following are some exceptions for a direct contracting procedure:

(1) Contracts for minor amounts: minor amounts are expressed in multiples of the established Colombian legal minimum monthly salary (currently about US$ 261 without the additional benefits and/or compensation pay). A minor amount may range from 25 minimum monthly salaries to 1,000 minimum monthly salaries, depending on the annual budget of the contracting entity. For instance:

(a) If the annual budget of the contracting entity is less than or equal to 6,000 minimum monthly salaries, it is allowed to acquire goods and services under direct contract that do not exceed 25 minimum monthly salaries in value;

(b) If the annual budget of the contracting agency is equal to or exceeds 1,200,000 minimum monthly salaries, under direct contracts it may purchase goods and services that do not exceed 1,000 monthly salaries in value;

(2) Loan agreements: inter-agency administrative contracts, professional, scientific and technological services, and evident emergencies and;

(3) Non-award: Whenever bidding is not awarded for reasons such as: lack of proposals submitted, when the bids do not meet the terms of reference or specifications, when there is only one bidder, when products originating in or destined to agriculture or livestock breeding are offered through legally organized commodities exchanges, and in contracts executed by state (government) entities for the rendering of health services.

In July 2007 the Colombian government issued Law 1150 which is an amendment to Law 80. The following are the most important changes to Law 80 according to the law firm Prieto and Carrizosa:

(1) Sets out four principles for contracting with the government via: (i) public tender, (ii) short list (iii) competitive examinations and (iv) direct contracting

(2) Provides that the specifications should include the methodology for risk sharing within the contract

(3) Develops the principle of objective selection, stating the criteria of how the contractor will be chosen. It eliminates experience, financial capacity, and organizational capacity as requirements for selection. These conditions will be taken into consideration for scoring purposes.

(4) Expands the possibilities of checking the conditions of the bidders through a National Bidders Registry (Registro Unico Empresarial or RUE).

(5) Requires the application of sound fiscal and functional principles when contracting with the State in addition to the rules already established by the State.

(6) Sets parameters for extension or adding up to 60 percent to concession contracts for public works regardless of the amount of investment.

Foreign individuals or companies not domiciled in Colombia or foreign private legal entities without a branch in Colombia that are interested in government contracts must appoint an agent or legal representative, domiciled in Colombia, who is duly authorized to bid on and execute the contracts as well as to represent the foreign enterprise in and out of court. They also must provide a copy of their registration with the corresponding registry in their country of origin and submit documents proving their constitution or incumbency whichever is the case. This law applies to direct sales or international tenders.

The FTA's Government Procurement Chapter provides significant opportunities for U.S. companies to supply their goods and services to the Colombian government with strong procedures that apply to the conduct of the procurement. At the same time, the agreement's government procurement rules ensure that certain U.S. business sectors – such as small businesses or textile companies bidding on Department of Defense procurement – continue to receive the same protections they have in other agreements, and also ensure that U.S. environmental and labor safeguards will be maintained. For more in depth information refer to the following website:
http://www.ustr.gov/uscolombiatpa/procurement

As a general rule, all individuals and legal entities wishing to enter into contracts with state entities must register with the chamber of commerce in their jurisdiction in order to be qualified, classified, and rated in accordance with the provisions of Law 80. Foreign bidders and/or suppliers of equipment and services are also required to register with a Colombian chamber of commerce under the Bidders Register (Registro Unico de Proponentes) and, in most instances, must be pre-classified and pre-qualified by the chamber and, in some cases, by the Colombian government contracting agency.

The requirement for both the Bidders Register and the Merchants Register with a local chamber of commerce will be replaced shortly by a Sole Entrepreneurial Register (Registro Unico Empresarial or RUE), which comprises a more complete profile on all business people, businesses, enterprises, contractors, and bidders for qualifying for executing contracts with government entities.

The State Contracting Information System (Sistema de Información de Contratación Estatal or SICE) is a database introduced on May 1, 2002. Its purpose is to register and provide certificates for foreign and domestic suppliers of all types of commodities and services, their products, and prices in order to be able to enter into contracts with state agencies and industrial and commercial enterprises. One can also register via Internet in accordance with the Sole Catalog of Goods and Services (Catalogo Unico de Bienes y Servicios or CUBS), which is a listing of goods and services classified, standardized, and codified with the products that may be acquired by government entities. Registration is subject to a minimal fee, which depends on the net profit of the company. SICE is expected to become a database with 3,000 municipal, state and national entities, and more than 100,000 suppliers.

Although Law 80 has made the government contracting system more dynamic, Colombia is still not a signatory to the World Trade Organization (WTO) Agreement on Government Procurement (GPA) though they act as an observer to the GPA. There have been frequent, legitimate complaints of a lack of transparency and rule changes during the award of major government contracts. The RUE and SICE systems explained above are expected to become useful tools for better transparency in the process of contracting with government entities.

Colombia is still struggling to refine the requirements of Law 80, which calls for open bidding in public tenders. Attempts are being made to amend the law to clarify procedures. Despite the law, transparency, fairness, and truly competitive bidding conditions in many tenders remain uncertain. The Colombian government is also resorting to auctions for the purchase of high tech or complex equipment or medicines. These factors continue to be significant market access barriers. U.S. companies interested in public sector contracts should obtain legal counsel in Colombia and contact the U.S. Commercial Service for assistance and possible advocacy.

Certificate of Reciprocity: The Colombian Government procurement statute seeks to establish simple procedures based on the principles of transparency and objective selection; it provides equal treatment of foreign companies on a reciprocal basis. The procurement statute impedes complete access by U.S. firms since it requires a certificate of reciprocity. The principle of reciprocity embodied in Laws 80 and 816 ensure national treatment under the same conditions for Colombian bidders in other countries. The U.S. Government is unable to provide such a certificate, as each of the 50 U.S. states acts as a separate commercial jurisdiction. The Department of State, however, provides a certificate that U.S. companies may offer in lieu of a statement certifying reciprocity. Certificates can be obtained from the Economic section of the U.S. Embassy in Bogotá. Companies requiring this document should be prepared to provide the following information: company name, tender name, tender number, name of the Colombian entity letting the tender, and the general purpose of the tender.

Colombian military contracts above a certain amount (more than US$ 1 million for equipment and more than US$5 million for ammunition) require the foreign company to offer an “offset” proposal. Contact the U.S. Commercial Service for further information about this requirement.

Because of the FTA U.S. firms are given national treatment and for all federal government tenders the U.S. companies are required to be treated the same as Colombian companies bidding on the tender.

Distribution and Sales Channels
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Colombia offers a full range of sales channels to consumers, with various distribution methods depending on the type of product offered. These methods range from traditional wholesalers selling to traditional shops which then sell to the public, to more sophisticated methods, such as large department stores and superstores, which are increasingly popular outlets.

While most imported items, especially capital equipment and raw materials, are still purchased through agents and distributors, some large domestic manufacturing companies import these items directly. Furthermore, some major distributors, wholesalers and end-users are opening purchasing offices and warehouses in the United States and contacting suppliers and manufacturers via the Internet, thus avoiding intermediaries in Colombia.

Consumer products from around the globe are available in Colombia at acceptable price levels. Under-invoicing of goods (usually of Chinese origin) and contraband articles sold at deep discounts remain a problem for legitimate retailers. The Colombian government has attained encouraging results in its effort to reduce contraband. Free trade zones and bonded warehouses are commonly used for imported merchandise and processing of export-oriented goods. Modifications to the Free Trade Zone legislation took effect in November 2007 and offer interesting benefits. The MUISCA electronic customs system will address contraband and invoicing issues.

Selling Factors/Techniques
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As Colombia's largest trading partner, the United States traditionally has been a "natural" market for products and services. The factors favoring U.S. exports are: the geographic proximity of the two countries, many Colombians who study abroad study in the United States, the large number of U.S. firms operating in Colombia, the technological leadership that the United States maintains in many key industrial sectors, the existence of a free trade agreement between the two countries, and the high quality of U.S. made products.

U.S. suppliers should be aware, however, that their ability to compete in Colombia could be hampered by unfair business practices such as contraband, counterfeiting, intellectual property rights violations, under-invoicing, money laundering, and dumping. If a company has specific concerns, it should check with the U.S. Commercial Service office in Bogotá.

Quality, profitability, functionality, financing, and price all play an important role in the buying decision. After-sales service is significant, not only in the original buying decision, but also in maintaining the sales relationship. U.S. suppliers must either have their own representative with adequate operations or obtain a Colombian representative who can offer sufficient after-sales service.

To obtain better prices, guarantees, parts, and after-sales servicing, Colombians prefer to deal directly with manufacturers rather than through outside representatives, or trading companies.

U.S. firms competing for major infrastructure contracts should begin early in the contracting cycle. U.S. manufacturers and construction, service, and engineering companies should initiate contact as soon as possible with government entities and private firms, which have indicated plans, or even just an interest, in developing projects. Once a project has gone to tender, it is usually too late to be competitive if the supplier company has not already involved themselves up front in the process. As mentioned in the section “Selling to the Government”, a local agent or legal representative is required for all government contracts. Therefore, U.S. companies interested in government procurement or contracts should conduct due diligence and appoint an agent or representative as quickly as possible.

Electronic Commerce Return to top

There are promising E-commerce opportunities in Colombia since the Colombian Congress provided the legal framework to regulate business done via the internet. In 2010, the United States and Colombia signed an E-commerce agreement that emphasizes open and fair e-trade.

E-commerce has reached a stage in Colombia where it is critically important to agree on international standards in the areas of electronic signatures and authentication to avoid the emergence of discordant standards as to what constitutes a "digital signature" or what constitutes valid certificates in different jurisdictions.

Decree 1747 of 2000 regulates Law 527 of 1999 and establishes rules on certification entities, certification and/or certificates, and digital signatures. The Superintendent of Industry and Commerce has full responsibility on authorizing certification entities, carrying out their inspection and control, and on imposing necessary penalties. It also oversees compliance with the law. Guaranteed secured procedures is a critical factor for consumers considering on line transactions.

The combination of institutional and societal factors prevents more rapid growth of E-commerce in Colombia. However, U.S. E-commerce companies should note the overall potential offered by the Colombian market. Colombia’s B2B (about 90 percent of the E-commerce market) will likely offer U.S. companies the greatest opportunities for export sales.

Most Colombian E-commerce will take place through North American vendors, and great opportunities exist for large and small U.S. companies and the home office community that can efficiently utilize E-commerce technology to their benefit. Colombian companies view E-commerce as a means of improving their competitiveness.

Trade Promotion and Advertising Return to top

Introducing new consumer products to the Colombian market usually requires an extensive advertising campaign. Companies’ marketing strategies frequently include media ads, and printed technical and sales articles in a combination of media -- radio, television, cable TV, newspapers, periodicals, trade magazines, and on Internet websites-- announcing sales and special offers.

Some companies and supermarkets are effectively using a variety of marketing techniques to promote consumer products, including raffles, discount coupons, and accrual of points in exchange for a variety of products and/or services. Credit card holders are also entitled to market promotions and discounts, as well as subscribers to some newspapers, magazines and cellular services. Promotional seasonal "sales" have also become popular in Colombia throughout the year, usually on special holidays such as Amor & Amistad Day (similar to Valentine's Day but held in September), Father's Day, Mother's Day, Halloween, Christmas, etc. Extended hours of shopping during long weekends are being introduced in many malls in major urban centers.

Colombia has approximately 30 important daily newspapers (three of the principal daily papers are in Bogotá), a large number of trade and business papers and magazines, nationwide and regional television networks, AM and FM radio stations, and private local cable TV companies. Also available is a great variety of business, industrial, and trade publications from most Colombian industrial and trade associations and private publishers. Most publications have web sites. U.S. exporters should seriously consider advertising in local daily papers in major cities.

Main Newspapers and Periodicals:

EL TIEMPO: http://www.eltiempo.com/
EL ESPECTADOR: http://www.elespectador.com/
LA REPUBLICA: http://www.larepublica.com.co/
PORTAFOLIO: http://www.portafolio.com.co/
EL NUEVO SIGLO: http://www.elnuevosiglo.com.co

Regional newspapers:

EL COLOMBIANO (Medellín): http://www.elcolombiano.com
EL MUNDO (Medellín): http://www.elmundo.com
EL PAIS (Cali): http://www.elpais.com.co
EL HERALDO (Barranquilla): http://www.elheraldo.com.co
EL UNIVERSAL (Cartagena): http://www.eluniversal.com.co
VANGUARDIA LIBERAL (Bucaramanga): http://www.vanguardia.com
LA PATRIA (Manizales): http://www.lapatria.com
LA TARDE (Pereira): http://www.latarde.com
LA OPINIÓN (Cúcuta): http://www.laopinion.com.co

Magazines:

LA NOTA ECONOMICA: http://www.lanota.com.co/
DINERO: http://www.dinero.com/
SEMANA: http://www.semana.com/
PODER: http://www.poder360.com
LATINPYME: http://www.latinpymes.com
CROMOS: http://www.cromos.com.co

Trade Fair Authorities:

CORFERIAS: http://www.corferias.com/

Radio Networks:

CARACOL: http://www.caracol.com.co/
RCN: http://www.rcn.com.co/
TODELAR: http://www.todelar.com/
La FM (Part of RCN's radio network) www.lafm.com.co
La W (part of Unión Radio/Caracol) www.wradio.com.co
BLU Radio http://www.bluradio.com/

TV Networks:

Caracol: http://www.canalcaracol.com
Canal RCN www.canalrcn.com
NTN24 http://www.ntn24.com/
Cablenoticias http://www.jumptv.com/es/channel/cablenoticias/
CM& http://www.cmi.com.co/
Noticias Uno http://noticiasunolaredindependiente.com

Pricing Return to top

Colombian consumers buy many imported products. Consumers may pay between 60 to 100 percent over the Free On Board (FOB) price of the product. The final price of most imported consumer goods is calculated by estimating 20 percent of the FOB price for freight and insurance, warehousing, and other documentation costs; a 16 percent VAT (in most products); the import tariff (if the product is not duty free); and a 30-40 percent profit, thus putting the final price at an approximately 60-80 percent over the FOB price.

Department stores and supermarkets extend concession contracts to individuals and companies by permitting promotional space in their facilities to promote and sell consumer goods. These promotions include both familiar and unknown labels, and the goods are offered at discount prices in some cases. If the products are unknown in the market, the department stores or supermarkets may place them in the stores on a demonstration basis for a given period of time and will only place new orders if the products are well accepted by the public and sell relatively quickly. The largest supermarkets and drugstores also carry private labels at discount prices.

Suppliers to large chain stores, supermarkets, and super stores must provide certain guarantees on the continuity of products offered to avoid foreign surplus stock or remnants entering the Colombian market (i.e., foodstuffs, textiles, apparel, appliances, etc.). Imports of old or used clothing, closeouts, irregulars, off-season, or expired merchandise are prohibited.

When buying a food product, Colombians look for three things: brand recognition, which is usually related to high quality and social status; reliable and sufficient nutritional information such as the number of portions, nutritional value, and expiration date; attractive, colorful packaging and labeling. This tends to be more important for children's products. All this information should be in Spanish.

Sales Service/Customer Support [Return to top]

After-sales service and customer support are decisive purchasing factors in Colombia. Government and private firms often request that their potential suppliers provide testimonials regarding client satisfaction with equipment and after-sales service.

"Warranty imports" are an important factor that supports after sales service in Colombia. Warranty imports that include replacement parts and components by a foreign manufacturer or supplier are exempted from Colombian import duties. The Colombian Customs Code of 2000 in Section IV, Article 141, establishes that all merchandise or goods that have been repaired abroad or new ones that will replace items previously exported because they were found to be damaged, imperfect, having malfunctions or with an unsuitable end-use, and are under warranty by a foreign manufacturer or supplier, may be imported into Colombia without the payment of import duties.

All original import and re-export documentation should be kept and presented with replacement imports to clearly identify goods, together with a valid warranty document, transport documentation, etc. A warranty import process must be completed and import declaration documents presented within a maximum of one year from the date the items subject to repair or replacement were exported.

In some instances, Colombian Customs may authorize the import of replacement goods without the requirement of having previously exported the damaged goods or parts for replacement and/or repair. However, Customs will require a warranty bond equivalent to 100 percent of custom duties paid, valid for one year from the date replacement goods are being imported. This would ensure that damaged goods would then be exported within the following month from the date replacement goods was re-imported.

Protecting Your Intellectual Property [Return to top]

Introduction

Several general principles are important for effective management of intellectual property rights (IPR) in Colombia. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Colombia than in the United States. Third, rights must be registered and enforced in Colombia, under local laws. Companies may wish to seek advice from local attorneys or IPR consultants. The U.S. Commercial Service can provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Colombia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors.

While the U.S. government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, or unreasonable delay in prosecuting a law suit. In no instance should U.S. government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. U.S. companies should consider the business objections and compliance history of the partner to protect and honor IPR requirements. Additionally, companies should give their Colombian partners clear incentives to honor the contract. A good partner is an important ally in protecting IPR. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Colombia require constant attention. Work with legal counsel familiar with Colombian laws to create a solid contract that includes non-competition clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, based in Colombia and the United States. These include:

- The U.S. Chamber of Commerce and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- Superintendence of Industry and Commerce
- Ministry of the Interior and of Justice, Special Administrative Department, National Copyright Directorate
- The Business Software Alliance (BSA)

IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the United States and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at www.StopFakes.gov
- For more information about registering trademarks and patents (both in the United States as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: 1-202-707-5959.
-
- For information on obtaining and enforcing IPR and market-specific IPR Toolkits visit: www.StopFakes.gov. This site is linked to the USPTO website for registering trademarks and patents (both in the United States as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.

- For an in-depth examination of IPR requirements in Colombia, a toolkit is currently available at: http://export.gov/colombia/static/IPR_Toolkit_Colombia%20Wash%20DC%20Final%2006-09-11_Latest_eg_co_036223.pdf
- For assistance in developing a strategy for evaluating, protecting, and enforcing IPR, companies should use the free Online IPR Training Module on www.stopfakes.gov

IPR Climate in Colombia

In Colombia, regulations for the protection of IPR are in place. However, U.S. companies have concerns related to their enforcement. Particularly, companies in the pharmaceutical, music recording, computer, electronics, and software industries have encountered widespread piracy and counterfeiting of their products over many years.

Software protection is an especially difficult area for enforcement. Estimates indicate that the piracy level may be above 50 percent, and trade losses due to software piracy are calculated at around US$ 136 million. However, the government has been stepping up efforts in recent years, in order to tackle the problem, and thus defend legal manufacturers.

Such efforts have helped to somewhat reduce the piracy level in Colombia and maintain the ranking of the country among those with the lowest piracy rates in the region. U.S. companies operating in Colombia have acknowledged such efforts. However, Colombia remains on the Special 301 Watch List.

Colombia, a WTO member, has ratified legislation to implement its obligations under the Uruguay Round Agreement on Trade-Related Aspects of Intellectual Property Rights. Colombia is also a member of the World Intellectual Property Organization (WIPO), the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, the Treaty on the International Registration of Audiovisual Works, and the 1978 Union for the Protection of New Plant Varieties, and a signatory to the Patent Cooperation Treaty.

Colombia has also addressed bilateral IPR issues in the FTAFTA. However, even though Colombia may be able to regulate the issue, the problem of enforcement persists.

The regulatory system itself may not be the ideal structure in order to act in a coordinated manner to tackle the problem. On the one hand, the registration and administration of IPR are carried out by four different government entities. The Superintendent for Industry and Commerce (SIC) acts as the Colombian patent and trademark office. This agency also acts as the IPR policy developer.

The Colombian Agricultural Institute (Instituto Colombiano de Agricultura - ICA) is in charge of the issuance of plant variety protection-related and agro-chemical patents. The Ministry of Social Protection is in charge of the issuance of pharmaceutical patents, while the Ministry of Justice is in charge of the issuance of literary copyrights. Each of these entities suffers from significant financial and technical resource constraints.

Enforcement is carried out by another series of agencies including: the Tax and Customs Directorate (DIAN), the Prosecutor General's Office, the National Police, and the Judiciary. Officials within these agencies often do not have a good understanding of IPR issues and of the severity of the offenses committed.

Periodically, the Economic Section recommends candidates for U.S. PTO training in Washington, DC.

Due Diligence Return to top

U.S. companies should take care in selecting their Colombian partners. U.S. small and medium-sized businesses can save time and money by contracting with the U.S. Commercial Service to perform an International Partner Search (IPS) to find pre-qualified global partners who express interest in their products and services. The U.S. Commercial Service can generate a customized International Company Profile (ICP) to evaluate your potential business partner. Researched and prepared by our trade specialists, ICPs enable U.S. small and medium-sized businesses to more effectively assess overseas companies. To contract for an IPS or an ICP, visit www.export.gov/cs to find the closest U.S. Commercial Service office.

Prohibition against doing business with Specially Designated Nationals (SDNs): On October 21, 1995, then President Clinton signed Executive Order 12978 entitled "Blocking Assets and Prohibiting Transactions with Significant Narcotics Traffickers," which blocks all property subject to U.S. jurisdiction in which there is any interest of members of the various Colombian drug cartels. In addition, the order blocks the property and interest in property of persons who have been determined to play a significant role in international narcotics trafficking centered in Colombia or determined to materially assist in or provide financial or technological support for, or goods or services in support of, the narcotics trafficking activities of persons designated in the Order. It is illegal for U.S. citizens to buy, sell, trade, give away, or otherwise engage in transactions involving persons and companies designated pursuant to the Order, who are referred to as Specially Designated Nationals or SDNs.

A list of the names of such persons and companies is available from the Office of Foreign Assets Control (OFAC), Department of the Treasury, http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx. The U.S. Commercial Service recommends that companies check the OFAC list every three months at a minimum and conduct an ICP on their business partner once a year to ensure compliance with the guidelines.

U.S. companies and individuals doing business in Colombia should be aware of the above Executive Order aimed at curtailing the money laundering operations of the Colombian drug cartels. SDNs include entities or individuals directly involved in the drug trade, companies or front companies they own, and companies or individuals, which supply or do business with any of the preceding. U.S. companies found doing business with SDNs will be notified by OFAC to cease and desist. Failure to do so can result in financial penalties and criminal prosecution. Most established Colombian companies are not involved in the drug trade. Nonetheless, in addition to doing financial background checks on potential business partners, U.S. companies should also contact OFAC to obtain the most current listing of SDNs.

The Colombian government regulates the financial, commercial, credit and services personal information managed by information companies through the "Habeas Data" law (Ley 1266 of 2008). One of the most important changes is that, before the law, bad "behavior" on the personal, financial, and commercial obligation history was maintained for at least four years in the information management companies' databases. This law ensures every person's right to clear bad credit history information after a year in order to have access to credit and services in the financial and commercial sectors. Otherwise, in many cases, it was necessary for a person to wait for four years to have access to those services and credit.

Local Professional Services

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U.S. companies bidding on major government, or even private sector, projects/procurement and those entering into joint ventures or other long-term contractual arrangements should seek local legal advice. Also, companies that are concerned about the protection of intellectual property such as trademarks, copyrights, and patents should also seek legal counsel before entering the Colombian market.

There are a number of good Colombian law firms that specialize in various aspects of commercial law. Additionally, a number of major U.S. firms who operate internationally have affiliate arrangements in Colombia. Several legal and business services providers in Colombia are found on the U.S. Commercial Service's website:
http://export.gov/colombia/businessserviceproviders/index.asp

Web Resources

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Andean Development Corp. (CAF) : www.caf.com and www.comunidadandina.org
ANDI (National Industries Association): www.andi.com.co
ANIF (Financial Entities Association): www.anif.org
Banco de la República (Central Bank): www.banrep.gov.co
Banking Association: www.asobancaria.com
Banking Superintendent: www.superfinanciera.gov.co
Bogotá Chamber of Commerce: www.ccb.org.co

Commercial Service Bogotá: www.buyusa.gov/colombia/en
Colombian Customs and Income Tax Offices**:** www.dian.gov.co
Colombian Government : www.gobiernoenlinea.gov.co
CREG (Energy and Gas Regulatory Commission): www.creg.gov.co
DANE (Statistics Bureau) : www.dane.gov.co
EXIMBANK : www.exim.gov
FENALCO (Merchants Association): www.fenalco.com.co
Inter American Development Bank: www.iadb.org
National Planning Department: www.dnp.gov.co
OPIC: www.opic.gov
Presidencia de la República and/or Palacio de Nariño (President's Office):
www.sne.gov.co and www.presidencia.gov.co
State Comptroller's: www.contraloriagen.gov.co

State Contracting Information System/SICE: www.sice.gov.co
Superintendent of Corporations: www.superfinanciera.gov.co
Superintendent of Industry and Commerce: www.sic.gov.co
Trade Americas: www.buyusa.gov/tradeamericas/colombia/en
World Bank: www.worldbank.org
Telecommunications Enterprise: www.telefonica.com.co

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

Automotive

Overview

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Key Indicators for the Colombian Automotive Market

Population (million, 2013)	47.1
GDP per capita (constant US$, 2013)	7,830
Size of the territory (thousands of square KM)	1,141.7
Road network (thousands of KM, 2012)	214.9
Age of the vehicle fleet (years, 2012)	14.9
Average automobile price (2012)	US$17,000

Source: BBVA Research " Automobile Market Outlook, Colombia 2013". Taken from: ANDI; Bank of the Republic, DANE, DNP, Econometria Ltda, UNCRD/IDB FTS survey 2011, FENALCO, Ministry of Transport, CEPAL and BBVA Research.

Market Estimates

Auto Sector **(in Units)**	**2011**	**2012**	**2013**
Sales	324,570	315,980	293,846
Total Local Production	154,261	138,872	94,030
Total Exports	13,465	25,798	16,396
Total Imports	210,216	212,204	172,377

Auto Parts **(US$ Millions)**	**2011**	**2012**	**2013**
Sales	4,100	4,065	3,780

Auto Parts **(US$ Millions)**	**2012**
Production	1,068
Exports	499
Imports	4,059
Imports from the United States	649.44

Sources: Econometría Ltda, BBVA Research, and Informetrika
Informe Sector Automotor as for January 2014, Comite Automotor Colombiano
Informe Venta Autopartes, 2013, Asopartes

Colombia is a major player in the regional automotive market. The Colombian automotive sector experienced a decrease of 7 percent from 2012 to 2013. Despite this decline, 2013 was the third best year of auto sales ever in Colombia. Auto parts sales were US$3.780 billion, declining also 7 percent from 2012 to 2013.

According to the leading automotive parts industry association in Colombia, Asopartes among the reasons for this reduction are: a) new technologies have made auto parts last longer, b) sales underreporting c) an increase in the sale of illegal used auto parts, and d) smuggling (contraband of automotive parts).[1]

1 Informe Venta Autopartes, 2013, Asopartes

At the beginning of 2013 there were 9.3 million vehicle units in the country, according to data from the Ministry of Transportation. Of those, 507,355 were registered for transportation (freight and passengers). According to research conducted by the multinational banking group BBVA in 2013, Colombia's vehicle stock will increase by 3.5 million between 2010 and 2020.[2]

The same study establishes that the automotive sector contributes to 4 percent of the country's GDP and employs about 3.2 percent of the country's population. Colombia currently ranks as the third largest automobile manufacturer in Latin America. In addition, after Brazil, Colombia is the second largest motorcycle producer in the region, with an annual output of 515,000 motorcycles.

A number of international auto manufacturers currently produce vehicles in Colombia. General Motors (GM), based in Bogota, has an annual capacity of about 100,000 units, and in 2013 opened a stamping plant to manufacture and export the body sections to markets in Central America and South America. Renault, based in Medellin, has an annual capacity of 80,000 units. Mazda Motor, also based in Bogota, has a capacity of 15,000 units annually. Automaker Daimler's subsidiary Daimler Colombia operates a CKD assembly facility in Bogota.[3]

68 brands and 267 models are found in the market. The biggest seller is Chevrolet, followed by Renault and Kia. Nissan has grown at a fast rate in recent years, and is in fourth place.[4]

In 2012, the percentage of nationally produced vehicles was 40 percent. The other 60 percent of vehicles were imported from South Korea, Mexico, India, Japan, Ecuador, China, and the United States. The high import percentage represents good opportunities for all imported parts and accessories, especially those from the United States, which are very well known and regarded nationwide.

Firms from more than 106 countries compete to supply the Colombian automotive parts market. The United States, Brazil, Japan and China have the highest market shares. Firms from the United States and Brazil compete with quality and state-of-the-art products, while firms from many Asian countries have obtained a larger market share pursuing a low price strategy and offering lower quality.

The annual production of automotive parts in Colombia is equivalent to US$1.068 billion of which 47 percent is exported (US$499 billion) to Venezuela, Ecuador, the United States, Germany, and South Africa. Imports represented US$4.059 billion. Main countries of origin are the United States (16 percent), China (14 percent), Japan (8 percent), and India (7 percent).[5]

Colombian end-users of automotive parts and accessories are numerous, varied, and difficult to quantify because of the wide variety of brands found in the local market and the number of motor vehicles imported.

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2 BBVA Research " Automobile Market Outlook, Colombia 2013
3 Colombia Autos Report 2014, Business Monitor International
4 Informe Sector Automotor as for January 2014, Comite Automotor Colombiano
5 BBVA Research " Automobile Market Outlook, Colombia 2013

83 percent of total Colombian vehicles are for private use; 14 percent are in public service and 3 percent are for official use (not including those owned by the Ministry of Transportation, the Ministry of Defense, and the Ministry of Foreign Relations).

Best Prospects/Services Return to top

Best prospects for Automotive Parts and Accessories are:

- Gasoline and diesel engines, piston rings, cast-iron engine parts, carburetors, engine valves, other cast-iron engine parts, fuel-injection pumps
- Electric storage batteries, nickel-cadmium storage batteries, electrical distribution parts, terminals, electrical splices and electrical couplings, boards, panels, consoles
- Cabinets for motor vehicles, bodies for passenger automobiles, body stampings, gearboxes, drive axles with differential, suspension shock absorbers, radiators, clutches, suspension systems, parts for power trains, brake parts
- Shock Absorbers
- Lights, high and low beam and also decorative lights
- Air Filters and Oil Filters
- Windshields
- Gaskets for the engine
- Other cast-iron engine parts
- Tires for small vehicles, trucks and buses
- Parts of fans, ventilating hoods, air conditioning and parts for motor vehicles
- Ball bearings, tapered roller bearings, roller bearings, gaskets and similar joints of metal sheeting
- Tire Retreading Equipment
- Tire recycling operators

Opportunities Return to top

With regard to auto parts, Colombia is the United States' fifth largest trading partner in Latin America and the United States is Colombia's third largest trading partner after China and Mexico. Colombia's competitive economy provides opportunities for U.S. manufacturers. Two main areas for opportunities in the automotive industry in Colombia are:

1. Vehicles:
   - Public transport systems in the principal cities (Bogota, Barranquilla, Bucaramanga, Cartagena, Cali, Pereira, among others). Cities will increase the purchase of new vehicles and a standardization of existing models. The city of Bogota launched the "Plan de Ascenso Tecnológico", (Technological Improvement Plan) a technology improvement plan for zero or low carbon emissions in the mass transportation sector for Bogota – Transmilenio Bus Rapid Transit (BRT). The plan contemplates replacing the current fleet with low emission buses.

2. Auto parts:

The high vehicle import percentage represents good opportunities for all imported parts and accessories, especially for U.S. products which are very well known and regarded nationwide. Additionally, under the FTA agreement which entered entered into effect on May 15, 2012, some parts and auto parts (which were previously assessed a tariff of 13 percent on average) currently enter the Colombian market tariff free, while tariffs on other parts will be reduced to zero over the next 5-10 years.

With this implementation Colombia is accepting re-manufactured auto parts listed under Chapter Four, Rules of Origin and Origin Procedures, Section A - Rules of Origin, ANNEX 4.18. Goods classified in the following Harmonized System subheadings may be considered remanufactured goods that would be allowed to be imported into Colombia 8702, 8703, 8704.21,8704.31, 8704.32, 8706, and 8707:8408.10, 8408.20, 8408.90, 8409.91, 8409.99, 8412.21, 8412.29, 8412.39, 8412.90, 8413.30, 8413.50, 8413.60, 8413.91, 8414.30,8414.80,8414.90,8419.89,8431.20,8431.49,8481.20, 8481.40,8481.80,8481.90,8483.10,8483.30,8483.40,8483.50,8483.60,8483.90,8503.00, 8511.40,8511.50,8526.10,8537.10,8542.21,8708.31,8708.39,8708.40,8708.60,8708.70, 8708.93,8708.99,9031.49.

Other provisions of the FTA include strong protection for U.S. investors (legal stability), expanded access to service markets, greater intellectual property rights protection, market access for remanufactured goods, increased transparency and improved dispute settlement mechanisms (arbitration). Under the National Treatment Caveat within the FTA, U.S. companies must be treated as locals when they participate in public bids, eliminating the disadvantage they used to face prior to the signing of the agreement.

Other end-users are as follows:

a. Dealers and Distributors of Imported Vehicles
b. Freight and Passenger Transportation Companies
c. Importers and Distributors of Automotive Parts and Accessories
d. Repair and Maintenance Shops
e. Service Stations, Gasoline Dealers and Lubrication Centers
f. Tire Distributors
g. Government Agencies
h. Other End-Users: rental car and limousine companies.

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U.S. Commercial Service Bogotá contact: Carolina Arregoces
Email: Carolina.arregoces@trade.gov
Tel: (571) 275-2755

Key Contacts
ASOPARTES (Association of Automotive Parts Importers and Dealers): www.asopartes.com.co
DIAN (Colombian Customs): www.dian.gov.co
COLOMBIAN GOVERNMENT: www.gobiernoenlinea.gov.co
DANE (Statistics Bureau): www.dane.gov.co
MINISTRY OF TRANSPORTATION: www.mintransporte.gov.co

ANDI (National Industrialists Association): www.andi.com.co
ACOLFA (Association of Automotive Parts Manufacturers): www.acolfa.com.co
FENALCO (National Merchants Federation): www.fenalco.com.co
PROEXPORT COLOMBIA (Export Promotion): www.proexport.com.co

Parts and Accessories HS Codes

401110	Tires
700529	Glasses
840999	Other cast-iron engine parts
842123	Filters
848210	Ball bearings
848220	Tapered roller bearings
848330	Roller bearings
851110	Spark Plugs
870600	Chassis
870821	Security Belts
870829	Body Stampings
870831	Brakes
870840	Transmission Parts
870850	Axels
870870	Rims and its parts
870880	Suspension shock absorbers
870893	Clutch
870899	Brake parts
940120	Car seats

Defense

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Hardware investment for the Military forces and Police in 2013. (Figures in millions of dollars)[6]

	Total available for hardware Investment Military Forces
General Expenses*	11
General Command	30
Army	462
Navy	333
Air Force	348
Health- Military Forces	20
Dimar	25
Total Military Forces	**1,229**

	Total available for hardware Investment Police
General Expenses*	186
Health	38
Total National Police	224

***General Expenses include: Unit of General Expenses, Executive direction of military justice, national fund for defense of personal liberty and Colombian commission of the Ocean.**

Colombia's internal and external defense and security structure includes the Army, Navy (includes Marines and Coast Guard), Air Force, and the National Police. The total military spending increased from US$ 14.7 billion in 2012 to US$ 15.1 billion in 2013[7] (this figure includes, not only hardware investment indicated in the tables above, but also the addition of other budgets such as all cost related to the functioning of military forces, the police, their public benefits, the functioning of Satena Airlines, military housing, and other costs). The total military spending has been on average 3.7 percent of the country's total GDP (2009 to 2013)[8]. Under Plan Colombia, significant U.S. funding, technical assistance, and equipment support has been provided to Colombian-led counter narcotic programs for drug eradication and interdiction, and expansion of the capacity of Colombian military and police. The current format of Plan Colombia expired in 2012, with the consequent nationalization of military programs by the Colombian government. For 2014 some spending may shift to drug eradication and peace keeping programs, especially if the peace negotiations that are currently undergoing with the FARC Rebel forces in Cuba are achieved. Despite the peace negotiations process, the Colombian government is expected to continue military actions and spending to fight

[6] http://www.gsed.gov.co/irj/go/km/docs/Mindefensa/Documentos/descargas/Sobre_el_Ministerio/Planeacion/Presupuesto/Presupuesto_2013.pdf

[7] http://www.gsed.gov.co/irj/go/km/docs/Mindefensa/Documentos/descargas/Sobre_el_Ministerio/Planeacion/Presupuesto/Presupuesto_2013.pdf

[8] http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS

narco-terrorism, and gain security area through its police force, especially to develop security surveillance and enforcement in remote and isolated regions of the country.

Through the Foreign Military Sales Trust Fund, the U.S. Department of Defense (DOD) provides equipment and training to the Colombian military and police through military assistance programming. The Department of State (DOS), military sales, and the international narcotics control program are other sources of funding. The Bureau of International Narcotics and Law Enforcement Affairs has been the main source of funding for equipment acquisition in Colombia since 1990, through private military consulting firms. These firms operate through an open market competitive bidding system. However, U.S. funding is expected to significantly decrease at a rate of 10 percent per annum over the next five years. The Colombian congress approved Law 80 of 1993, under which procurement of goods and services for security and national defense made in Colombia by local manufacturers, must be purchased over goods made by foreign manufacturers and exporters[9]. However, under the National Treatment Caveat, Chapter 9 United States-Colombia bilateral trade agreement (FTA), U.S. companies must be treated as locals when they participate on public bids eliminating the disadvantage they used to face prior to the signing of the agreement.

In 2002, the Colombian government created a Wealth Tax to collect US$ 800 million from large companies and wealthy individuals, 70 percent of which was used to increase 2002-2003 defense spending. A similar tax in 2007-2011 collected close to US$ 3.7 billion, of which a significant portion funded defense spending. The Colombian Army receives 60 percent of the funding, followed by the Air Force with 25 percent and the National Police with 10 percent.

The United States has had a privileged relationship with Colombia in regards to military equipment acquisitions; however, new competitors from England, France, South Korea, and Spain have gained some notoriety. The Colombian military tends to use standardized equipment and values relationships, trust and familiarity with equipment (as exemplified by their consistent use of the same type of rifles). However, foreign manufacturers are gaining market share. According to the unofficial estimates, U.S. imports represent close to 50 percent of the total imports of military equipment.

The Colombian military keeps high standards for its equipment, which historically was a great opportunity for American products. However, the United States could lose market share in the future due to pricing and more competitive bidding from foreign manufacturers. U.S. manufactured equipment is already losing market share for personal arms, with more rifles currently being bought from Australia, Belgium and Russia. Additional examples of non U.S. military products being used in Colombia include: British-made Hoover Crafts, French 105mm Obuses, and local Colombian manufacturing of various products including aluminum flat boats.

Best Prospects/Services

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Best prospects include trucks and light armored vehicles (LAV-4x4 and 8x8), engines and turbines, military apparel and footwear, fixed-wing and rotary wing aircraft helmets,

[9] See chapter two of the Law 80 of 1993: http://www.alcaldiabogota.gov.co/sisjur/normas/Norma1.jsp?i=46940#0

anti-IEDs (improvised explosive devices), IED and mine detectors, body armor and personal body armor equipment, handheld navigation systems, Unmanned Aircraft Vehicles (UAV), GPS, modern communication systems (MCS), IT-structure platforms, logistics software solutions and software applications, flight simulators, air cruise control, flat bottom aluminum river boats, and marine and coastal surveillance systems and equipment.

In regards to services, there is a significant need for security assistance, maintenance and assistance to the Army, Police and Air Force. Helicopter and fixed-wing aircraft maintenance and repair services are especially in need. In 2014 Colombia's fleet of Sikorsky AH 60L will most likely be undergoing overhauls.

The Colombian military has potential in the fields of specialized training for all new communications systems, medical training, and environmental training for hazardous material (HAZMAT) management, transport, process and disposal of HAZMAT, expertise in demolition, technical support for reconnaissance and analysis, and security operations.

Opportunities

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Military equipment trends have remained the same post-Plan Colombia, since the government continues to support drug interdiction and eradication efforts. Due to the significant improvement of national security**,** the Colombian Air Force has been more involved with military and civilian rescue operations. In 2010 the Air Force created a new rescue unit and continues to purchase rescue equipment and life support systems. The National Police is expanding its activity in civilian and urban surveillance, adapting its force and upgrading its equipment to this environment. Recent navy purchases have shown the government's interest to increase the guarding of the Caribbean coast, especially around the islands of San Andres and Providencia, an area in which there is a territorial dispute between Colombia and Nicaragua. There is also interest from the Ministry of Defense to purchase close to 20 fighter jets, some of the possible candidates may include the F-16 and F-18 Hornet. However, this has been put on hold until further notice in 2014.

In 1990, the USG provided 18 UH- 1N helicopters, buying 36 more over the years. In 2010, the Colombian military had 280 helicopters and 200 fixed-wing aircraft with no major new purchases projected until 2015 with the exception of possible interest to purchase helicopters with higher capacity to transport troops and equipment. Due to recent aircraft acquisitions, there are significant opportunities for training, parts and maintenance for these aircraft, especially for Blackhawk rotor blades repair services and erosion-resistant coating systems. Other opportunities include: parameter security protection systems (convoy security, security walls and fences, and video surveillance systems), safety, survival accessories, search and rescue equipment, protective clothing, emergency medical equipment, and trauma-life support systems**.**

The security forces number about 435,000 uniformed personnel: 285,000 in the military and 150,000 in the police. From 2012 to 2015, key needs will be armament and personal arms (up to US$ 1 million a year), night vision goggles (up to US$ 1 million a year), anti-ballistic missiles (ABM) (up U$D1 million a year), survival equipment and kits (up to US$ 400,000 a year), flight suits, footwear (up to US$ 200,000 a year), personal arms (M4 rifles, M9 pistols), grenades, binoculars, and medical equipment. The Colombian army is looking into upgrading its equipment and uniforms, with engineered textile solutions, smart textile materials, as well as integrated communication aircraft helmets.

On May 15, 2012 the FTA agreement between the United States and Colombia entered into effect. 80 percent of U.S. exports of consumer and industrial products to Colombia are duty-free immediately upon entry into force, with remaining tariffs phased out over ten years. Other provisions include strong protection for U.S. investors (legal stability), expanded access to service markets, greater intellectual property rights protection, market access for remanufactured goods, increased transparency and improved dispute settlement mechanisms (arbitration). The majority of defense and military equipment have no tariffs since the implementation of the FTA. Prior to the agreement tariffs ranged between 5 and 20 percent.

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Colombian Ministry of National Defense: www.mindefensa.gov.co/irj/portal/Mindefensa
Colombian Government: www.gobiernolinea.gov.co
Expodefensa: www.expodefensa.com.co/
Security Fair Colombia: http://securityfaircolombia.com/
Medellin Aviation Fair: http://www.f-aircolombia.com.co/

Education

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U.S. colleges and universities remain the preferred overseas destination for Colombian students, despite significant competition from other countries like the United Kingdom, Spain, France and Argentina. There are several reasons that make the United States a leading destination, chief among them higher employment opportunities after graduation, the chance to improve English skills, and the high quality of education. The preferred states for Colombian students are California, New York, Texas, Massachusetts, Illinois and Florida.

According to the Institute of International Education, Colombia is ranked 22nd in the world and 2nd among South American Countries (after Brazil) in sending students to the United States.

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In academic year 2012/2013, 6,543 Colombian students traveled to the United States to study. That constitutes a 3.9 percent increase over the previous year.

The U.S. Embassy in Bogota supports efforts to increase the number of Colombian students studying in the United States by supporting technology projects such as Ed, a 24/7 virtual adviser in Spanish and various micro scholarships for English Language learning. The approval of the United States-Colombia Trade Promotion Agreement (FTA) has increased foreign investment and the need of academic mobility and exchange.

Additionally, President Obama launched the initiative “100,000 Strong in the Americas,” in March 2011, which intends to increase the number of Latin American students studying in the United States and the number of U.S. students studying in Latin America. The U.S. Commercial Service in cooperation with the Education USA offices in Colombia has supported various education fairs that included the participation of U.S. boarding schools, universities and ESL institutions, in order to promote their programs in Colombia.

Given the demands of modern day society, the number of Colombian undergraduate and graduate students in the United States is increasing slowly. Colombians know it is difficult to obtain a high level position within the government or an important national or multinational company without proficient English skills and/or a Masters Degree. The most demanding field of studies are those focused on business administration, management, finance, banking, marketing, and engineering.

Under government-to-government or private agreements, both public and private universities in Colombia have developed programs with universities in the United States, Europe and Latin America. Priority is given to projects that foster post-graduate programs for training professors as well as research to enhance teaching.

Most scholarships are awarded through two institutions, one of which is the Colombian Institute for Educational Loans and Technical Studies Abroad (ICETEX, by its initials in Spanish), which is dedicated to finance higher education through the system of payback financial aid that allows students to start or continue their higher education either in country or abroad. During 2013 ICETEX awarded 837 scholarships for Master's and PhD programs. The second institution is COLFUTURO, which is a non-profit organization that provides funds to Colombian professionals/students to study abroad. Their loan program is available to students who have been accepted to graduate programs at foreign universities. During 2013 COLFUTURO awarded 1,112 scholarships: 956 for Master's programs and 156 for PhD programs. Overall, 246 of those scholarships were for programs in the United States.

COLFUTURO also has agreements with many universities such as: Carnegie Mellon - Heinz College, Columbia, Duke, Johnson School of Management - Cornell University, Kogod School of Business - American University, The Krannert School of Management - Purdue University, Tulane University, and Harvard University.

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Not only can a greater number of Colombian students now afford to study in the United States, but newly created employment opportunities in Colombia also make American degrees even more valuable. International education is highly valued in Colombia. A recent survey of employers found that 58 percent preferred to hire people who had earned advanced degrees abroad.

The approval of the FTA has increased foreign investment and the need of academic mobility and exchange. This will result in the increase of the enrollment of Colombian students at American academic institutions in the foreseeable future.

Beyond the economic implications, the availability of educational services carries even greater significance in terms of improving general living conditions in Colombia. A well-educated Colombian population will be vital to the country's economic growth and global competitiveness over the long term. U.S. educational services will also expose more Colombians to American culture, further strengthening ties between the two countries.

There are concrete opportunities to increase the number of Colombian students attending U.S. universities. Those wishing to attract Colombian students should consider actively increasing recruitment campaigns in order to raise their visibility. Financial Aid/scholarship opportunities and information on the process to obtain a U.S. student visa are essential topics for U.S. educational institutions when promoting themselves in Colombia.

In Colombia, there is a strong network of 11 Education USA centers administering language programs and doing extensive outreach around the country. Advising centers are located at 9 binational centers, the Fulbright commission and COLFUTURO.

Resources

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- Julio Acero, Commercial Assistant: Julio.Acero@trade.gov Tel: 011 571 275-2635
- Institute of International Education, http://www.iie.org/
- Colombia Ministry of Education, www.mineducacion.gov.co
- Colombian Institute for Educational Loans and Technical Studies Abroad (ICETEX), https://www.icetex.gov.co
- COLFUTURO, http://www.colfuturo.org
- Education USA: http://www.educationusa.state.gov/
- National Administrative Department of Statistics –DANE: www.dane.gov.co/

Electric Power and Renewable Energy

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(in US$ millions)	**2012**	**2013 pry**	**2014 est**
Total Market Size	1,282	1,388	1,450
Total Local Production	270	285	290
Total Exports	208	215	220
Total Imports	1,220	1,318	1,380
Imports from the U.S.	415	460	480

The above statistics are unofficial estimates
Sources: Association of Power Generation Companies, National Planning Department, Energy and Gas Regulatory Commission, Mining and Energy Planning Unit and World Trade Atlas

At the end of 2013, Colombia's installed electric power generation capacity reached 14,524 MW, with a hydro-based capacity share of 63.6 percent and the remainder from gas and coal-fired power plants, small hydro systems, and cogeneration facilities. The Government of Colombia (GOC) has forecast that by 2019 the nation's installed capacity will reach 18,671 MW, with an increased reliance on large-scale hydro systems.

In 2006, the Energy and Gas Regulatory Commission (CREG) enacted a "Reliability Charge" that recognizes the availability of generation assets to insure "firm generation capacity - OEF" under critical conditions. The charge allowed the project owners to start construction as the charge secured them of financial benefits. This has resulted in the development of several new power projects in Colombia including Porce III and IV, El Quimbo, HidroSogamoso and Pescadero-Ituango. This has also increased the share of hydro-based generation (to 72 percent).

Several large Colombian power companies, including Interconexión Eléctrica (ISA), Empresas Públicas de Medellín (EPM), ISAGEN S.A., and Empresa de Energía de Bogotá (EEB) are evaluating expansion projects to other Andean and Central American countries. The proposed power interconnection with Panama (SIEPAC) could lead to new power projects in Central America.

Efforts are underway to promote private ventures in the areas of solar, wind, geothermal, and small-hydro systems. If successful, these projects will allow for the use of energy in sustainable community projects. EPM owns the country's sole wind power plant (Jepírachi) located in La Guajira. This is a 19.5 MW facility, with financial support from World Bank Prototype Carbon Fund greenhouse gas reduction credits. Other electric utilities are interested in pursuing renewable energy projects (mainly wind, geothermal, and run-of-river hydro). The GOC is evaluating market measures and regulations aimed at strengthening the country's energy security.

Importers of U.S. electric power generation equipment benefit from the relative proximity of Colombia to the United States. And with the implementation on May 12, 2012 of the United States-Colombia Trade Promotion Agreement (FTA), Colombia will eliminate import duties for equipment, spare parts, and accessories for this sector.

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- Power, distribution, and specialty transformers
- Switchgears
- Motors
- Generators
- Industrial controls
- Steam, gas, and hydraulic turbines
- Turbine generator sets

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The outlook for the Colombian electricity sector is promising since the GOC is planning to develop several new power generation projects through 2018, mostly hydro, to accommodate the expanded demand. Additionally, the GOC is exploring prospects for becoming a major exporter of electricity (including goods and services) to the Andean region and Central America.

As a result of this trend some solid business prospects exist to continue using hydroelectric plants with gas-fueled thermal energy generators, including cogeneration systems. Also, electricity trading and distribution companies are focusing on reducing losses by acquiring leading-edge management and control systems technologies. Another promising business opportunity is the Rural Energy Program, aimed at providing electrical power to off-grid areas using renewable energy systems such as solar, wind, and small and medium scale hydro plants. This program calls for new generation systems and improving existing systems. The GOC has taken steps to secure funding for the program.

To assist with these GOC efforts, the U.S. Trade and Development Agency has awarded feasibility study grants for a geothermal power plant (ISAGEN), a 20 MW landfill waste-to-energy facility, and a proposed solar-wind power project. In addition, USTDA is also supporting the GOC's interest in applying SmartGrid technologies to improve the nation's high-voltage transmission and distribution network.

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- U.S. Trade and Development Agency (TDA): www.ustda.gov
- Association of Power Generation Companies (ACOLGEN): www.acolgen.org.co
- Energy and Gas Regulatory Commission (CREG): www.creg.gov.co
- Empresas Públicas de Medellín (EPM): www.eeppm.com
- Interconexión Eléctrica S.A. (ISA): www.isa.com.co
- ISAGEN: www.isagen.com.co
- Mining and Energy Planning Unit (UPME): www.upme.gov.co
- National Planning Department (DNP): www.dnp.gov.co
- Ministry of Mines and Energy (MME): www.minminas.gov.co
- Transelca: http://www.transelca.com.co

Food Processing Equipment

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	2011	2012	2013 (Estimated)
Total Market Size	136.4	152.8	160.4
Total Local Market Size	40.2	35.3	37.1
Total Exports	22.9	27.2	28.6
Total Imports	129.2	144.7	151.9
Imports from the U.S.	19.1	23.8	21.4

(The above statistics are unofficial estimates in US$ millions)
Source: Vademécum de Mercados. La Nota Económica. World Trade Atlas.
2013 market data is estimated with an increment of 5% from 2012
Total Market Size is the estimated value of the Colombian Food Processing and Beverage Industry

The Colombian Processed Food and Beverage Equipment market caters to an industry that produces approximately US$22 billion in revenue per year. The food industry is comprised of 10 sub sectors: sugar mills, rice mill, cereal mills, oils and fats, dairy products, chocolates and candy, meat products, animal food products, bread and pasta, and others. The beverage industry is also comprised of three subsectors: beer, carbonated soft drinks and juices, and spirits.

The food and beverage processing and packaging (FPP) industry employs about 19.3 percent of the domestic labor force, concentrated in the five main metropolitan areas of Bogota, Medellin, Cali, Cartagena and Barranquilla. FPP equipment from the United States enjoys an excellent reputation and is widely accepted in the Colombian market due to high quality, outstanding customer service, a favorable exchange rate and low shipping costs. The strongest U.S. competitors are Italy, Brazil and Germany. Although the U.S. product participation decreased about 10 percent in 2013 compared to 2012, the potential market for U.S. equipment remains high.

In 2013 the food industry grew approximately 9 percent, compared to 6 percent in 2012, while the beverage industry is still recovering from a decrease in sales in 2010. Within these industries, the dairy, animal food and carbonated soft drinks and juices sectors were the three markets highlighted as the most attractive in terms of supply machinery and equipment. To put into perspective the importance of the food and beverage import market, this industry accounts for 5.4 percent of all Colombian imports. In other words, of the approximately US$59 billion of imports into Colombia in 2012, imports to supply the food and beverage industry totaled US$ 3.18 billion.

Among the most important sectors in the food processing equipment industry in Colombia are sugar mills, rice mills, cereal mills industry, the oils and fats sector, dairy products, the chocolate and candy industries, and the meat and beverage sectors. Most of the equipment and raw materials required for those industries are imported. The implementation of the United States-Colombia Trade Promotion Agreement (commonly referred to as the FTA) will increase opportunities for U.S. exporters on this Industry.

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Based on market data and growing demand, and taking into consideration the following recap of market entry of machinery, processing equipment and raw material to supply local food and beverage production, the following sectors are considered the most attractive for U.S. exporters:

	Market Data; large mkt. size	**Market Demand;** Growing at %	**Number Buyers;** # of companies	**Benefit from FTA**
Dairy	High ; US$2.6B	Low ; < 5%	High (> 75 buyers)	Machinery + Raw
CSD & Juices	High ; US$2.2B	High ; > 10%	Low (< 25 buyers)	Machinery
Animal Food	High; US$2.6B	Low ; < 5%	Med (> 25 buyers)	Machinery + Raw
Oils & Fats	Med ; US$1.6B	Med; > 5%	Med (> 25 buyers)	Machinery
Sugar Mills	High ; US$2.2B	Low ; < 5%	Low (< 25 buyers)	Machinery
Chocolate &	Med ; US$1.6B	Low ; < 5%	Med (> 25 buyers)	Machinery + Raw

Source; BPG index.

Colombia is the third largest dairy products producer in Latin America, after Brazil and Mexico. The dairy sub-sector, along with the following services and equipment offer the best market potential for U.S. exporters: dairy production equipment; bottling services (alcoholic and non-alcoholic); brewery equipment; mixing, grading and filtering apparatus; heat exchangers; filling, sealing and capping; preserved/canned meat and fish products; and horticulture packaging equipment.

Oils and fats processing is another promising industry segment, given that Colombia produces nearly 37.7 percent of total regional production and is listed among the top four producers of crude palm oil yield in the world. The sugars and syrup segment, followed by canned meat, poultry and fish products, as well as fresh vegetable and fruit packaging, are also promising industry niches. Another key prospect is snack processing and packaging equipment. Beverages have been the fastest growing segment so that the National Industry Association (ANDI) has recently created a Beverage Chamber, to provide assistance to companies devoted to this sector.
http://globalimpactconsulting.com/30/3/2/hot_sectors/food_processing/colombia.html

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The recent influx of economic data regarding foreign direct investment and a decrease in unemployment show that Colombia is on its way to perform at all-time highs in terms of economic activity.

Market opportunities for U.S. manufacturers vary broadly, determined by equipment size and production capacity. Although there are a significant number of large food processors capable of handling large production capacity (such as SAB Miller-Bavaria, Nacional de Chocolates, Colombina, Postobon and Frito Lay), the largest segment with the highest purchasing potential is the Small- and Medium Sized Enterprise (SME) group, which requires less installed capacity.

Competition from local equipment producers in this sector is minimal. The quality of local technology has improved for basic equipment and spare parts manufacturing. Local production is still undeveloped when compared to the United States and other countries.

This is especially true in terms of competing with the latest technologies such as nanotechnology and electronic/robotics used for production/packaging lines.
The May 2012 implementation of the FTA emphasized the importance of improving the competitiveness of this sector. The FTA eliminated the five to 15 percent Colombian tariffs on U.S. products for this industry and will significantly increase the competitiveness of U.S. food machinery and packaging equipment in the Colombian market.

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http://www.revistaialimentos.com.co

- Asociación Nacional de Industriales (National Industries Association). www.andi.com.co

- Banco de la Republica (Central Bank). www.banrep.gov.co

- DANE (National Administrative Department of Statistics). www.dane.gov.co

- Superintendencia de Industria y Comercio. (Governmental body which regulates commerce). www.sic.gov.co

- La Nota Económica.(Business Magazine) Vademécum de Mercados.

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Franchising

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The number of franchises in Colombia has more than doubled over the past 10 years. This boom has been driven by a better understanding and acceptance of the concept of franchising by many local firms, and by the improvement in international perception of the business environment due to the implementation of newly-signed free trade agreements.

After a pilot project of the Inter-American Development Bank (IDB) and ten Colombian Chambers of Commerce to foster the development of franchising from 2006 through 2009, an ever growing number of companies have adopted franchising as a safe and less complex way of expanding their business.

According to industry sources, during 2012 the franchise sector grew by 13 percent when compared with the previous year. This trend is estimated to have continued through 2013, with year-to-date growth as of June estimated at 6 percent, and forecasts for the whole year at approximately 10 percent. Growth in the number of franchised concepts went from 427 registered brands in 2011, to 483 brands at the close of 2012. By mid-June of 2013, this number stood at 513, trailing Brazil (>2000), Mexico (>1000) and Argentina (563), but considerably ahead of Peru (268), Costa Rica (215), and Chile (142).

International concepts have increased vis-a-vis national franchising concepts, with the former taking up 57.5 percent of the total share of businesses, and the latter decreasing from 51 percent to 42.5 percent in 2011. The breakdown by country of origin of international franchises in Colombia has the United States at the lead, with 22.3 percent of the total. Next come European countries such as Spain (7.2 percent), Italy (5.4 percent), England (2.8 percent) and France (2.6 percent); as well as a few Latin American countries such as Argentina (2.2 percent) and Brazil (1.8 percent).

By sector, the largest share of franchising concepts in 2013 was found in the clothing and fashion industry, with approximately 25 percent of the total. Specialty stores came in second place (11.4 percent), followed by fast food (approximately 8 percent), and restaurants and bars (7.3 percent).

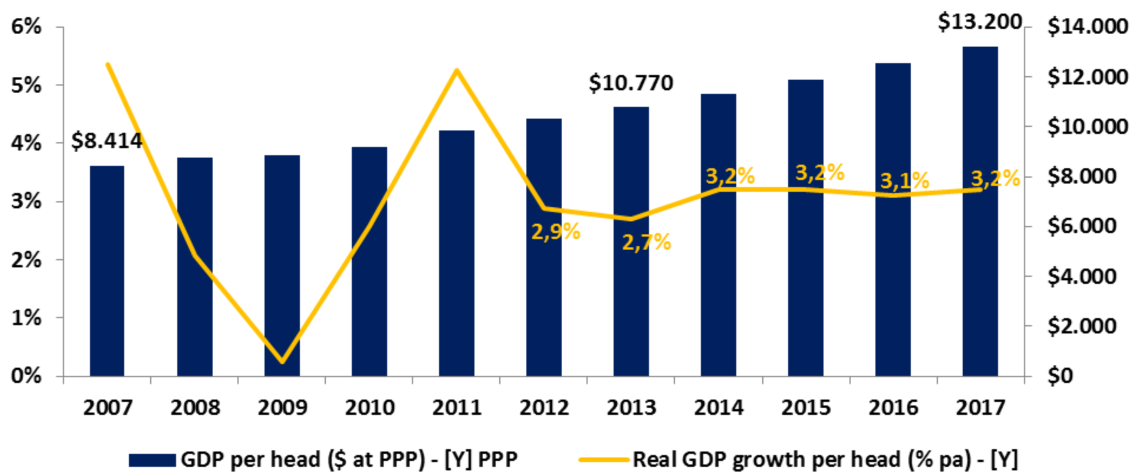
There is a high concentration of franchise retailers in Colombia's three major population centers (Bogota, Medellín and Cali), leaving a lot of potential for franchise development in other important cities with populations of or around 1 million people, such as Barranquilla, Cartagena, Bucaramanga and the three cities within what is called the coffee region (Armenia, Manizales, and Pereira).

In general terms, the concept of franchising in Colombia is yet to obtain the same degree of development as it has in developed countries such as the United States. However, as Colombia's economic fundamentals have held stable and continue to improve, the outlook for franchising in Colombia is decidedly positive. Over the last decade, Colombia's GDP per capita increased from just over $6,000 in 2000 to well over $10,000 by 2012. It is also estimated that the middle class grew from approximately 15 percent of the population in 2002 to 29 percent as of mid-June 2013. This amounts to almost 14 million people out of Colombia's total 47 million inhabitants. It is estimated that only 3 percent of the Colombian population is in the high income bracket, which explains why Colombia, like many other Latin American markets, is a very price sensitive market. Familiarity with international franchising concepts remains closely correlated with income bracket, with only the higher brackets being familiar with newer and more novel concepts. Still, while the group with stronger purchasing power is more likely to adopt foreign concepts, some franchising concepts have demonstrated how they can quickly gain market appeal in the lower demographics by offering good products with interesting discounts.

In terms of intellectual property, Colombia has in place adequate institutions to guarantee the rights of companies that have been diligent in the registry of their brands and other intellectual property. There are no specific regulations pertaining specifically to the enforcement of franchising activities and agreements, which are regulated by Commercial Law and treated as "mercantile contracts" (Contrato Mercantil).

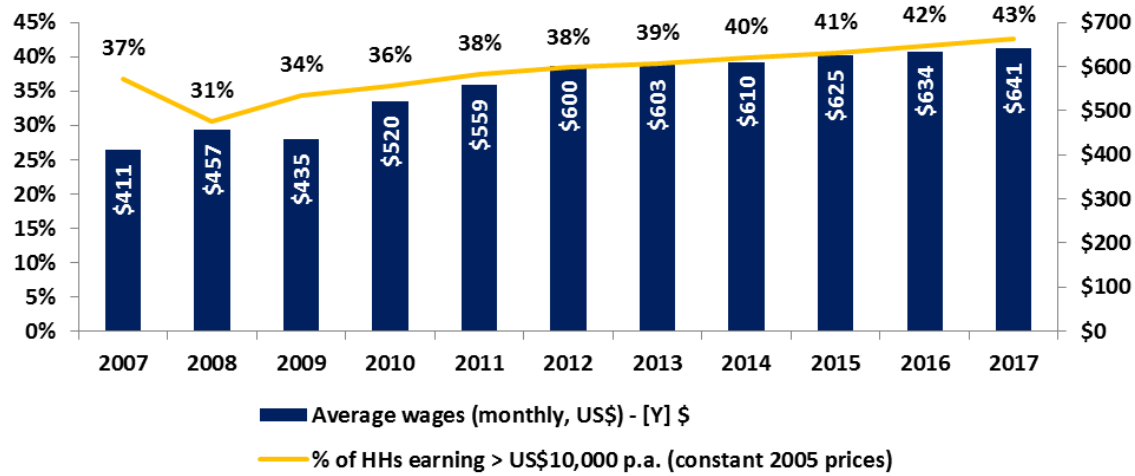
As Colombia's economy is expected to continue growing at a stable and dynamic rate, it is very likely that franchising will continue to develop, both in terms of national and foreign concepts. Furthermore, with the increase in the development of new shopping centers in intermediate cities, growth is likely to benefit both established and up and coming players.

Forecast of GDP per Capita at PPP and Real GDP Growth Per Capita



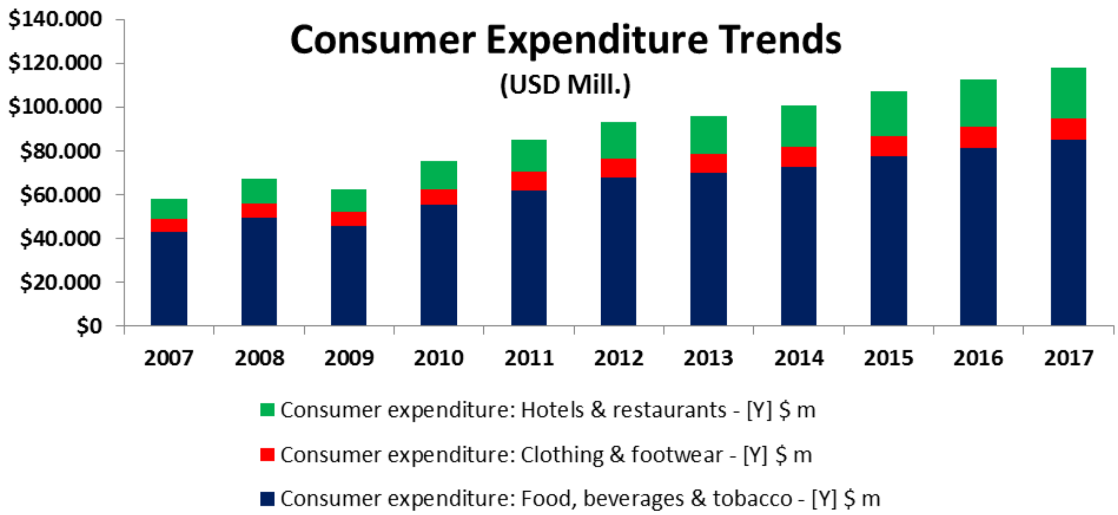
Data: Economist Intelligence Unit. Graph by U.S. Commercial Service

Forecast of Average Wages and
Percentage of Households Earning Over $10,000 per year



Data: Economist Intelligence Unit. Graph by U.S. Commercial Service

In terms of outlook by franchising category, food and beverages will continue to benefit the most from current economic trends, followed by clothing retail concepts. Services franchises are just starting to gain traction and have yet to become an attractive business opportunity for most investors, with the largest share found in the specialized services (7 percent), health (4 percent), and education and training (3 percent) categories.



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- **MasFranquicias: Franchising Portal. 'Franchising Data in Colombia as of June 2013'. http://bit.ly/1drxxvO**

Information Technology

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Colombia's IT Market Overview

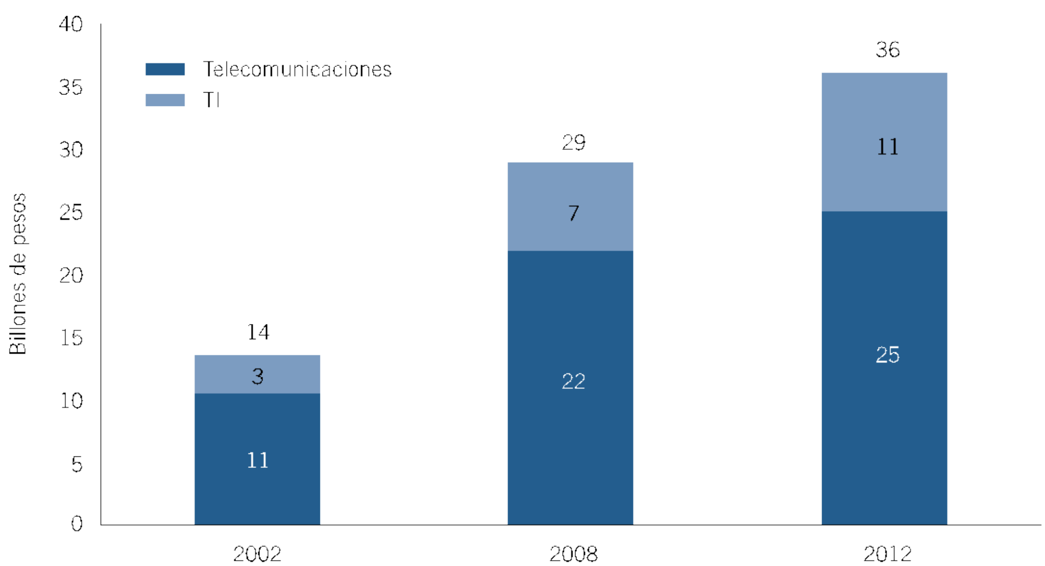
The Government of Colombia (GOC) continues its efforts to move the country to the forefront of Information Technology (IT). But as international rankings in the table below show, Colombia still requires sustained efforts both at the regional and global level. As such the IT sector presents numerous opportunities for U.S. companies offering products and services, in everything from basic infrastructure, to hardware, to connectivity, to IT services, needed to help Colombia move forward with its ambitious goals.

WEF Network Readiness Index (2013):	No. 66 / 144 countries	8th in region

Source: World Economic Forum, http://reports.weforum.org/global-information-technology-report-2013/

According to the latest study of the IT market in Colombia (June 2013) carried out by Fedesarrollo and the Colombian IT and Telecommunications Chamber of Commerce (CCIT), it is estimated that Colombia's Information Technologies and Communications sector amounted to approximately US$19 billion in 2012, including television, internet, telephony and IT services. This figure shows 9.9 percent nominal annual growth from 2002, when it stood at approximately US$7.3 billion.

Breakdown of ITC Revenues by Telecommunications and Information Technologies
(Billion Colombian Pesos- COP)

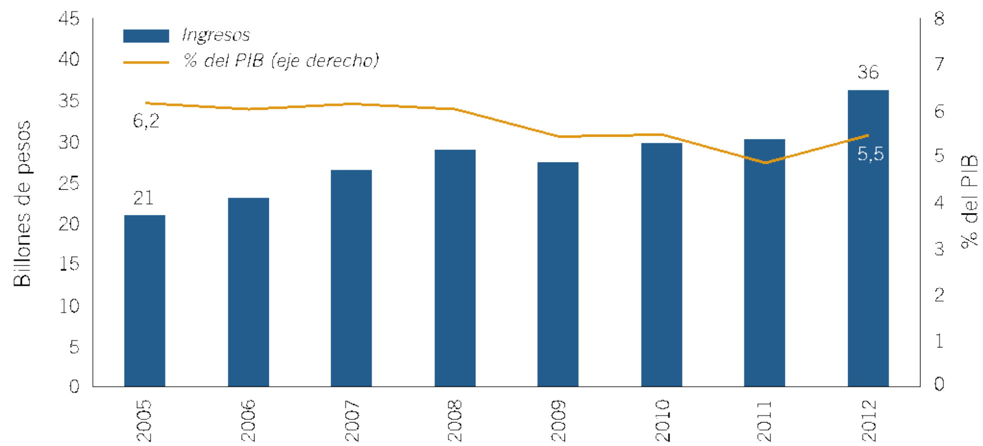


Sources: Data, DIAN and Fedesarrollo calculations; Graph, "El Sector TIC: La Nueva Locomotora de la Economía Colombiana", http://bit.ly/1eOMgCy

The graph above shows an upward trend for telecommunications and IT revenues, as well as an increased share of the total income by the Information Technology subsector (IT 10 year average growth of 13.7 percent vs. 9.1 percent in telecommunications). This trend is expected to continue, with increased dynamism and expenditures in IT and

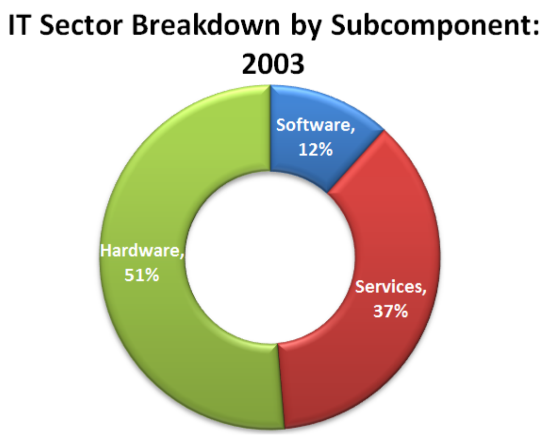
Internet services as GOC policies seek to increase the share of ITC as a part of national GDP.

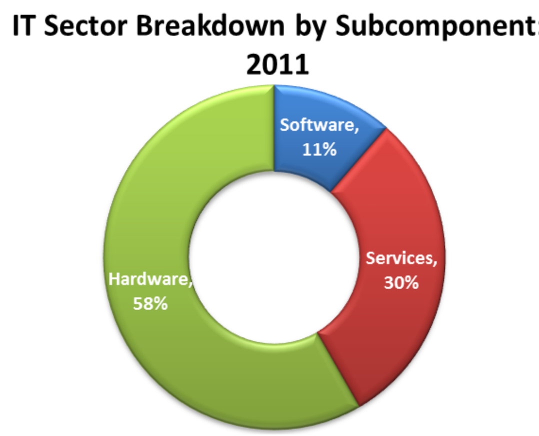
Evolution of ITC Sector Income and %of GDP



Sources: Data, DIAN and Fedesarrollo calculations; Graph, "El Sector TIC: La Nueva Locomotora de la Economía Colombiana", http://bit.ly/1eOMgCy

Figures by research firm IDC show that Colombia's IT sector revenues in 2011 were 4 times those of 2003, having grown at an average rate of 20 percent year-over-year (y-o-y). Fedesarrollo and CCIT figures show that IT market revenues stood at US$5.7 billion in 2012.





Source: ProExport, using IDC 2012 data- http://bit.ly/Tpwd09

In terms of specific IT subsectors, it is possible to perceive how Colombia's market continues to be concentrated mostly on hardware. While by 2011 software and services grew in revenue over three times their 2003 levels, hardware continues to make up more than 50 percent of total revenue, with over US$3.5 billion in 2011.

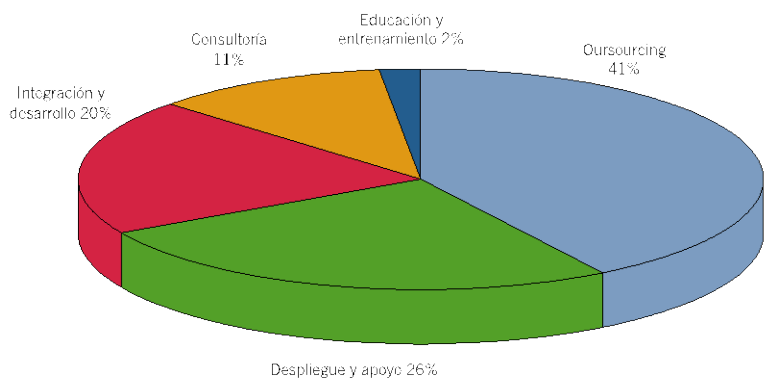
IT services rank second, having shown a steady growth in revenue over the last 8 years to surpass US$1.8 billion in 2011, made up by outsourcing (40 percent), deployment and support (26 percent), integration and development (20 percent), consulting (11 percent) and education and entertainment.

According to IDC figures, software revenue in 2011 stood at US$698 million and held a share of 11 percent of Colombia's IT market. Software revenue in 2011 can be further broken down into software operating systems (53 percent), security software (18 percent), systems and network management software (18 percent), and storage software (11 percent).

Local production in the IT sector consists of computer hardware assembly, repair, software development, and an expanding offering of IT services. These developments have helped the IT sector in Colombia become the third largest in Latin America in relation to per capita GDP, with approximately 3,000 companies operating in the sector (mostly retailers and distributors) employing more than 32,000 people.

Breakdown of ITC Services Sales in 2012:

Outsourcing (41%), Deployment and Support (26%), Integration and Development (20%), Consulting (11%), Education and Entertainment (2%)

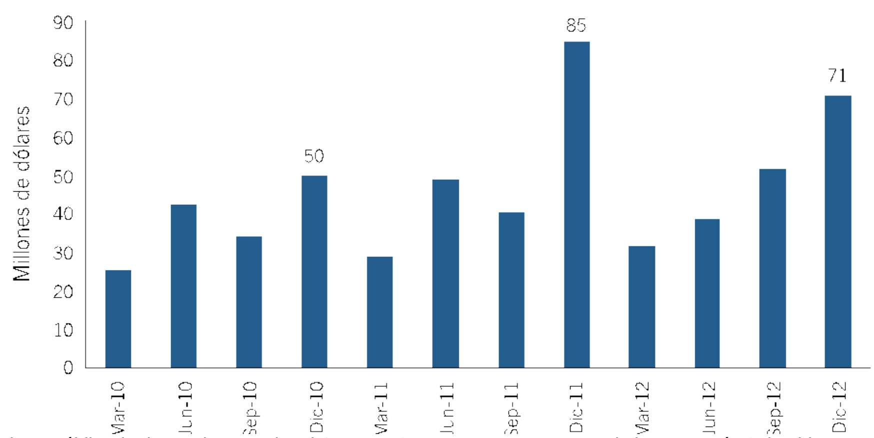


Source: ProExport, "El Sector TIC: La Nueva Locomotora de la Economía Colombiana", http://bit.ly/1eOMgCy

Looking forward, sources point to an upward trend for Colombia's IT sector as a result of expected growth of the Colombian economy, as well as to public policies implemented by the Ministry of Information Technologies and Communications (MinTIC).

Colombian Imports of IT Services

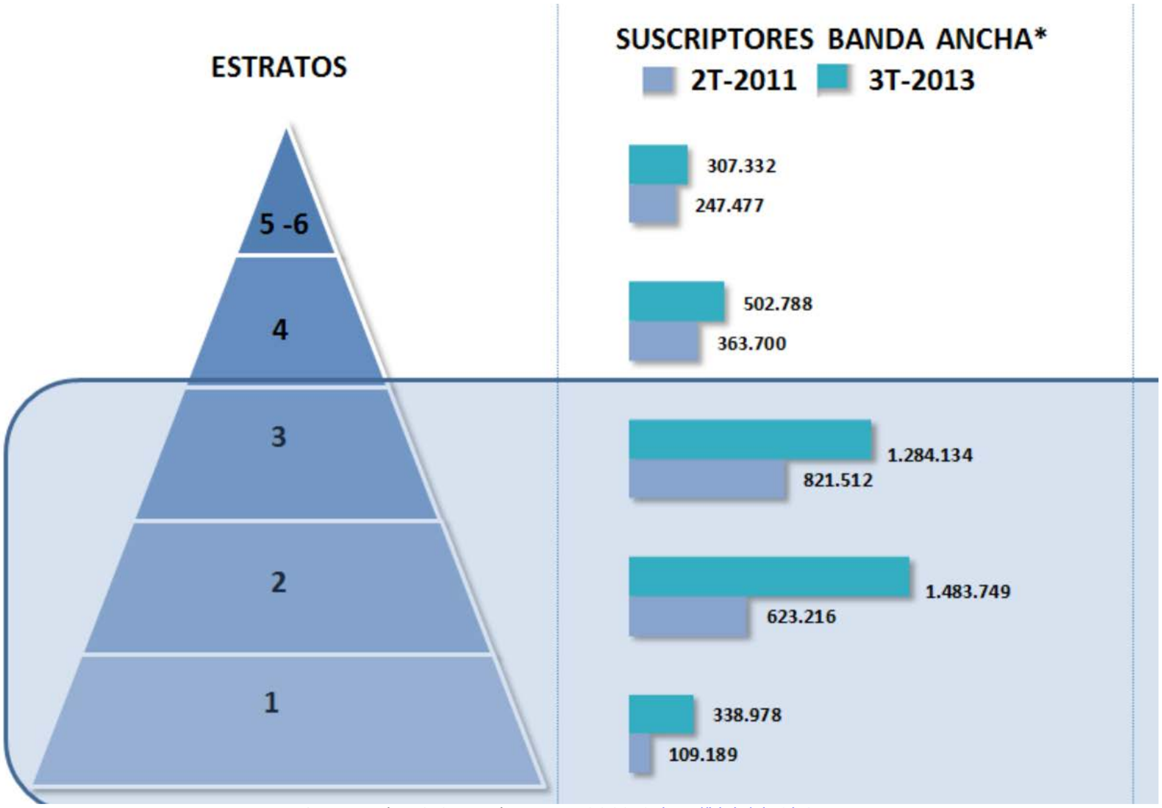
(US$ Mill.)



Source: Banco de la República (Balanza de Pagos), "El Sector TIC: La Nueva Locomotora de la Economía Colombiana", http://bit.ly/1eOMgCy

In this regard, according to MinTIC data, at the close of the third quarter of 2013 approximately 7.6 million Colombians were broadband subscribers, achieving a penetration rate of 16 percent, up from 2.2 million in 2010. While mobile Internet users grew to 4 million at the close of the same time period, it is also worth noting the large increase in broadband connectivity at the lower demographic levels, which now constitute the largest subscriber base in Colombia.

Colombia's Income Demographics (left) and Broadband Subscribers (right)



Source: MinTIC Quarterly Report, 3Q2013: http://bit.ly/1ioQbGD

In particular, growth in the Information Technologies and Telecommunications sectors will be strongly influenced by the considerable achievements in terms of widespread Internet and mobile connectivity of the Colombian population, as well as increased small- and medium-sized enterprise (SME) access to and use of technologies and the Internet.

With regard to technology and Internet usage by SMEs, from 2010 through 2012 Internet usage tripled from just seven percent to approximately 20 percent. In fact, SMEs constitute 80 percent of the companies in the IT sector, a good number of which are open to strategic partnerships and business opportunities with international firms that will allow them to grow in the local market.

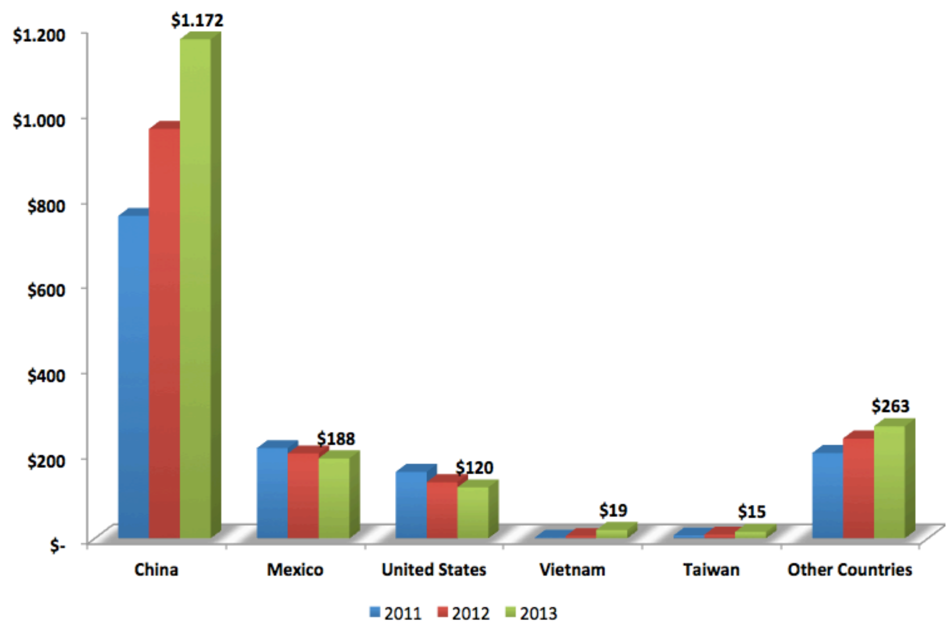
Colombian International Trade in IT Equipment

Colombian Imports of IT Goods (HS8471): Year over Year as of October 2013
US$ Mill.

Source: Graph by U.S. Commercial Service- Bogotá with Global Trade Atlas data.

In terms of international trade in IT equipment (Harmonized System Code- HS8471), Global Trade Atlas figures indicate that Colombia's total imports year over year for the period of October 2012-2013 amounted to US$1.36 billion, a 33 percent nominal growth compared to 2011. Of this total, 66 percent of imports (US$1.17 billion) came from China, followed by Mexico with 11 percent (US$188 million), and the United States with seven percent (US$120 million).

Colombian Imports of IT Goods (HS8471) by Country
US$ Mill.



Source: Graph by U.S. Commercial Service- Bogotá with Global Trade Atlas data.

It is worth noting how while the total value of Colombia's IT products has been increasing, those imported directly from the United States have moved downward over the past three years, leading to a drop in market share in comparison to China and Mexico. While the latter has also been negatively affected, IT imports from the former have been constantly increasing, along with those from other Asian countries such as Vietnam and Taiwan.

US$ Mill.

	2012	**2013**	**Y-o-Y %Var.**
World	**$1.540**	**$1.777**	**15%**
China	$961	$1.172	22%
Mexico	$199	$188	-6%
United States	$132	$120	-9%
Vietnam	$5	$19	294%
Taiwan	$8	$15	81%
Other Countries	$234	$263	12%

Source: U.S. Commercial Service- Bogotá with Global Trade Atlas data

The slide in the U.S. market share of Colombia's IT imports has continued in spite of the FTA between Colombia and the United States which went into effect in May 2012, while China's advantage has continued to increase. Two facts must be taken into consideration with regard to this trend: 1) many international and U.S. manufacturers have their production facilities in China and export directly from there; 2) Chinese companies continue to expand aggressively into Latin America and Colombia, through now familiar brands such as Huawei and Lenovo.

Nevertheless, as the IT market (computers, software, components, and related services) in Colombia is expected to continue growing well above GDP rates, there are good prospects for U.S. companies to take advantage of the benefits derived from the FTA and reverse this trend.

This agreement not only locks in tariff reductions for a large number of U.S. IT goods, but also creates a stable framework to do business, establishes dispute resolution mechanisms, and provides tangible benefits such as U.S. companies getting the same treatment as Colombian ones in public procurement processes, where interesting opportunities lie in the short and medium term.

GOC Policies on IT

A considerable share of the growth of the IT sector in Colombia in recent years is closely associated with various major public policy initiatives, many of which have been pushed by MinTIC. The plans and reforms that have been passed have served and are expected to continue to fuel the growth of the IT and telecommunications sector over the next few years.

In particular, MinTIC's Vive Digital program, which is Colombia's technology plan for the 2010-2014 period, was crafted to increase the country's internet penetration, reduce unemployment, and raise technology appropriation and overall competitiveness. The three pillars of this four year program include: multiplying the number of internet connections to 8.8 million (x4); increasing to 700 the number of municipalities connected to the information highway (x3, reaching 63 percent of the total); and connecting to the internet 50 percent of Colombian homes and SMEs (from a 27 percent and 7 percent baseline, respectively).

From 2010 through 2014, the Vive Digital program has invested approximately US$3.1 billion, aimed at strengthening and activating IT supply (infrastructure and services) and demand (users and applications). Of this budget, US$1.8 billion was funded by MinTIC, while the remaining US$1.3 billion were funded by various other ministries and public institutions.

As previously stated, due to increased Internet connectivity, complete fiber optic broadband connection for most municipalities, and a larger share of connected homes and SMEs, demand for hardware, software and IT services is expected to continue growing.

Furthermore, with concrete mechanisms such as the SME Technological Modernization fund, set up by MinTIC and executed by government-run Bancoldex, local companies can tap resources of over US$16.5 million dollars to invest in IT services and infrastructure modernization.

Major tax reforms passed over the last few years are also expected to have a positive effect on IT sector growth in Colombia. Most recently, legislation approved in December 2012 provides for a VAT exemption for desktop and laptop computers priced under approximately US$1,146 (COP$2,200,962); intelligent mobile devices priced under approximately US$601 (COP$1,154,163); and Internet services for lower income households.

Previous legislation had already achieved income tax exemptions for software development companies based in Colombia, as well as a general tariff reduction from five percent to 0 percent for all devices with Internet connectivity (laptops, tablets, and smartphones).

Most recently, decree 2499 of 2012 reduced withholding tax from 11 percent to 3.5 percent for locally based companies involved in software development, website design, software consulting services, licensing services and software usage rights. Thanks to the FTA and the national treatment provisions, U.S. companies should be subject to these same benefits.

Finally, the Productive Transformation Program, crafted by the Ministry of Trade and executed by government-run Bancoldex, is also fostering IT growth in Colombia. Under this program, the GOC seeks to take various sectors to world-class status, including Business Process Outsourcing (BPO) and Software Development.

For the BPO sector, Colombia has sought to attract the establishment of Call Centers within its territory by offering attractive investment conditions and strengthening human capital, particularly in language skills. It has also sought to become more attractive in Knowledge Process Outsourcing, Information Technology Outsourcing and Added-Value Services.

In the last couple of years Colombia has been successful in attracting large multinationals such as HP, Unisys, Indra, and Teleperformance, which have established large data and call center facilities throughout the country. These operations, which require large investments in computers, servers, software and components, are expected to continue as policymakers at the local and national level remain adamant about consolidating BPO as a driver of economic growth and employment in Colombia.

As progress is made on all these fronts, interesting opportunities will emerge for U.S. companies capable of identifying emerging demand for more sophisticated products and services from local and foreign companies operating in these sectors in Colombia.

Best Products/Services Return to top

Best prospects for:

1. **Cloud Computing and Virtualization:** Infrastructure as a service (IaaS); Platform as a service (PaaS); Software as a service (SaaS); Network as a service (NaaS); Communications as a service (CaaS)

2. **Applications Software:** Enterprise Resource Planning (ERP) Solutions; Supply Chain Management Systems (SCMS); Business Intelligence Solutions; Advanced Security Software Solutions

3. **Hardware:**
   a. *Medium and Large Corporate:* Upgrading of equipment compatible/enabled for cloud services
   b. *SME and Domestic:* Computing and mobile devices, particularly for 4G/LTE services

4. **Mobile Applications**

Opportunities Return to top

Opportunities for U.S. companies in the Colombian IT market are associated to three main drivers: 1) increased connectivity and affordability of equipment; 2) multi-sector economic growth; and 3) government programs for institutional, regional and SME modernization.

Nationwide improvements in infrastructure along with increased connectivity for the general population and for business associated with the successful implementation of Vive Digital are expected to impact the supply and demand of IT hardware and software in a positive way. In particular, MinTIC will try to foster content development and industry-specific applications that can take advantage of the infrastructure deployed over the last four years.

Household demand for Internet-ready computers and mobile devices, such as tablets and ultra-books, is expected to increase due in part to improved infrastructure, but also due to decreases in the cost of computing equipment derived from key tax and customs reforms.

By the end of 2012 Colombia could boast that IT equipment in the country was the most affordable in the region, stirring up competition as lower prices lead to increased demand from a growing middle class that can now purchase previously inaccessible goods.

With 4G/LTE services rolling out in 2014, demand for equipment capable of taking advantage of this new technology should also benefit.

A second major source of opportunities for U.S. companies in Colombia relates to sustained demand for IT hardware and services, expected from the ever growing number of new and expanding companies operating in the country's dynamically growing sectors of the economy.

As Colombia's security situation has improved over the last 10 years, so have the flows of Foreign Direct Investment into the country, with oil, energy and mining being sectors with intense activity and potential for continued growth. As major national and international companies such as Ecopetrol, Cerrejón, ISA, Chevron, Pacific Rubiales, BHP Billiton, and AngloGold Ashanti continue to expand their operations in Colombia, U.S. IT companies with experience and specific value-propositions tailored for these sectors could benefit greatly.

Other sectors with a natural demand for IT hardware and services, where growth in IT investment or refreshment cycles are expected to take place, include Business Process Outsourcing, Financial Services, Transportation and Aviation, and Retailing.

BPOs continue to be a big bet by policymakers at the national and local level, with Medellin, Barranquilla and Bogota positioned to continue attracting local and foreign investment into the sector. Local banks are expanding throughout the region, with some regional banks and specialized financial institutions deploying operations in Colombia.

Colombia's international trade is expected to continue growing at a fast pace, as the multitude of Free Trade Agreements signed by the country enter into force. This will drive up demand for transportation and aviation services, as local goods enter new markets, and foreign goods and brands enter or expand throughout Colombia, which in turn will benefit consumer retail at the local level.

Dynamic economic activity in these sectors should prove a boon for U.S. IT companies capable of adding value to new and existing companies operating in Colombia, both foreign and domestic. Services such as Cloud Computing and Virtualization are likely to be of interest both for large multinationals seeking to reduce IT costs, as well as for SMEs looking to build computing capacity without incurring considerable expenditures.

Specific opportunities may also be found in these sectors for companies seeking more sophistication in terms of IT architecture and applications. For example, Enterprise Resource Planning (ERP) Solutions and Supply Chain Management Systems (SCMS) should be of particular interest to companies operating in manufacturing, logistics, transportation, aviation and trade. Business Intelligence Solutions and Advanced

Security Software Solutions should also be of interest for retailing and financial services companies.

Note on Telecommunications and the U.S. - Colombia FTA Return to top

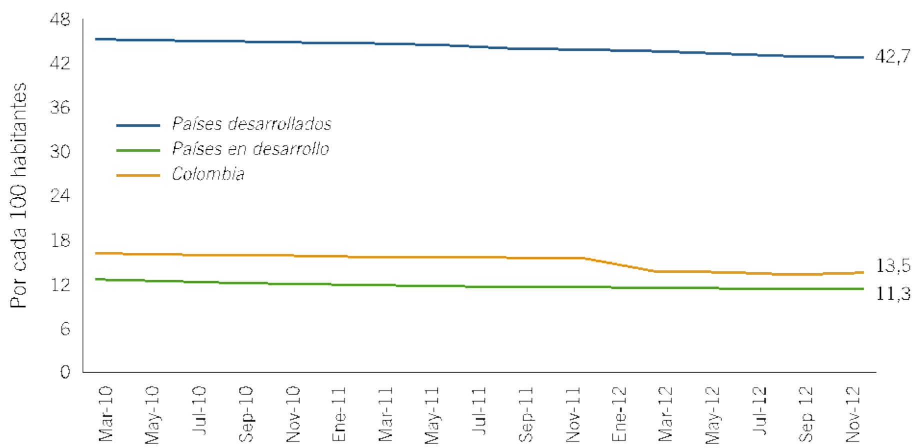
General Overview

Colombia's telecommunications market continues to be driven by Government programs aimed at increasing access and penetration. The broadest coverage can be found in the mobile telephony segment, where there are 48.6 million registered lines (in a country of approximately 46.5 million inhabitants), of which approximately 79 percent work through prepaid services, according to the latest MinTIC quartlerly report (3Q2013).

In Colombia, mobile Internet is also directly connected to prepaid users, which jumped from just 2.5 million at the beginning of 2010 to 13.8 million by the third quarter of 2013. Subscription Internet services grew dynamically as well, reaching 4 million for the same time period, from just below 1 million in 2010.

For fixed services, the drop in telephony lines has stabilized, with a total number of 6.7 million lines by October 2013, and a penetration rate of approximately 13.5 percent by November 2012.

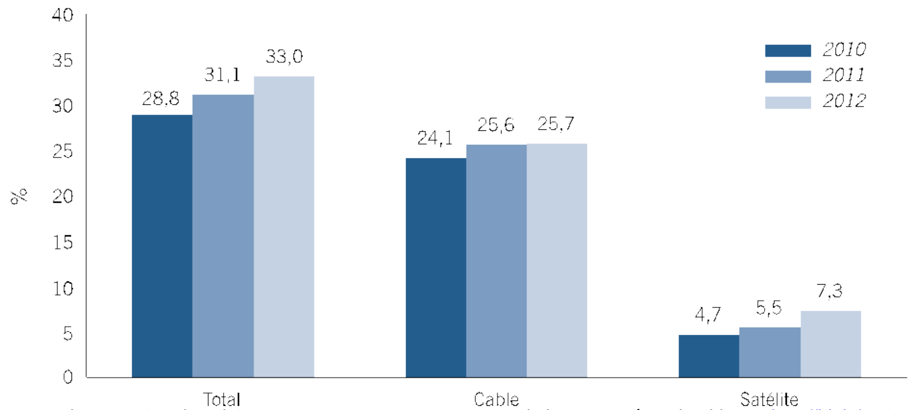
Fixed Telephony Line Penetration by 100 inhabitants



Sources: MinTIC, UIT; Graph, "El Sector TIC: La Nueva Locomotora de la Economía Colombiana", http://bit.ly/1eOMgCy

Television has continued to move in an upward trend, with approximately 33 percent of households having some type of paid subscription service at the end of 2012.

Percentage of Population with Television Subscription by type of Service



Sources: Data, ANE and DANE; Graph, "El Sector TIC: La Nueva Locomotora de la Economía Colombiana", http://bit.ly/1eOMgCy

One of the most important developments in the telecommunications sector in 2013 was the spectrum auction organized by the GOC to allow carriers to provide 4G/LTE services. Under this process 60 Mhz in the 2,500 MHz band were awarded to Claro and DirecTV (30 MHz each), while Avantel, ETB/Tigo and Movistar were awarded spectrum in the AWS band, in a process estimated at approximately US$400 million.

Furthermore, the process for a third nationwide public channel to be assigned is still to be resolved, with more frequencies allocated for local channels during the year, while the National Television Agency is promoting the establishment of new subscription TV companies to take advantage of the new fiber optic infrastructure.

Telecommunications and the FTA

On May 15, 2012 the FTA went into effect, including a chapter dealing with telecommunication services specifically. This chapter regulates access to the use of public telecommunication services for both parties; it stipulates a series of obligations pertaining to suppliers of public telecommunication services, including interconnection, resale of services, number portability, and dialing parity; and obligations for major suppliers of telecommunications services, such as treatment by major suppliers, competitive safeguards, resale of services, unbundling of network elements, interconnection provisions, co-location, provisioning and pricing of leased circuits services, and access to poles, ducts, conduits and rights of way.

The FTA Telecommunications chapter also regulates operation of submarine cable systems, establishes conditions for the supply of information services, the operation of independent regulatory bodies and government-owned telecommunications suppliers, and the resolution of telecommunications disputes, among others. In general, the Telecommunications chapter fosters transparency, equal treatment and a clear framework for U.S. companies operating in Colombia and vice versa.

In September 2012 Colombia's Communications Regulatory Commission (CRC) published a study of the regulatory and market effects of the FTA on the telecommunications market. In general terms, the conclusions were that Colombia could expect to benefit from the agreement in both the retail and wholesale markets, as new players enter the country, and new investments are required to improve network quality and broaden end-user services. The study further concluded that Colombia had taken all legislative and regulatory steps to comply with what was negotiated under the agreement.

Resources Return to top

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- **Comisión de Regulación de Comunicaciones (CRC)-** www.crcom.gov.co/
- **Departamento Administrativo Nacional de Estadística (DANE)**- www.dane.gov.co
- **Departamento Nacional de Planeación (DNP)-** http://www.dnp.gov.co
- **Ministerio de Tecnologías de la Información y Comunicaciones (MinTIC)** www.mintic.gov.co
- **MinTIC-** Programa Vive Digital- www.vivedigitial.gov.co
- **Ministerio de Comercio, Industria y Turismo (MinComer) Programa de Transformación Productiva (PTP)** - www.ptp.com.co
- **Proexport-** http://www.proexport.com.co/en
- **2012 Tax Reform-** http://bit.ly/TBXf4z
- **Cámara Colombiana de Informática y Telecomunicaciones-** www.ccit.org.co

Infrastructure and Construction

Overview

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A constant complaint among Colombian companies is that bringing merchandise to Bogota or Medellin from the port of Buenaventura is more expensive than shipping goods from that same port all the way to Asia. According to the “Infrastructura de Transporte en Colombia” study, Colombia has the highest internal costs for container transportation in all of Latin America. It costs (on average) a whopping US$1,808 to move a container in Colombia vs. US$925 in Mexico or US$280 in Peru[10]. These high transportation costs are often jokingly referred to as a “national tax”, and they result in an additional cost to the end user. Historically, in addition to Colombia’s challenging geography with its three mountains ranges dividing the country, the main forces behind the nation’s inadequate infrastructure network have been corruption, militancy and shifting government agendas over the years.

In 2010, Colombia had just 236 miles of paved roads per 1 million inhabitants, compared to 1,002 in Argentina, 851 in Venezuela, and 560 in Peru. Only 20 percent of Colombia's roads are paved, and the nation has just 1,200 kilometers of dual-lane divided highways. These figures go a long way toward explaining why out of 144 countries, Colombia ranks 126th in quality of roads, well behind Chile (23) and Peru (100).

Regarding other modes of transportation, Colombia has 900 kilometers of railroad, and a centrally located river, the Magdalena, that has yet to be developed to transport goods on a large-scale, though the government of Colombia (GOC) has plans to develop it in the coming years. Colombia also has airports in all of its principal cities, with many expected to be renovated and expanded in the coming years. Passenger air travel in Colombia has increased 15 percent over the last year, and is ranked 19th in the world ahead of countries such as Argentina or Chile. Colombians are accustomed to traveling by air between cities, as the poor roads and tough topography make driving a much less appealing alternative. Car rides between Colombia’s principal cities take between 7 and 24 hours by car, but just 30-90 minutes by plane.

Taking all of these factors into consideration, the GOC has created an ambitious program to update the country´s infrastructure in the next 6 years with investments of more than US$24 billion. This program involves not only road projects, but railways, airports, waterways and ocean ports, all of which present significant opportunities for American firms.

In order to gain time from the lost years of investment, the GOC has created the 4th Generation Public Private Partnership (4G PPP) law that allows international companies to invest through build-operate-transfer 30 year concessions that will expand infrastructure investment to levels not seen in Colombia since the 1950s. The GOC has plans to increase spending on national infrastructure projects from one to three percent of GDP over the next few years. This is an increase from the current investments of

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[10] Tito Yepes, Juan Mauricio Ramirez, Leonardo Villar, Juliana Aguilar. Infrastructura de Transporte en Colombia. Bogota, Colombia, 2013.

US$3 billion per year to US$9 billion. New 4G concession opportunities are valued at over US$24 billion.

On September 18, 2012, Colombia's National Infrastructure Agency (ANI) launched a new generation of transportation infrastructure concessions. ANI will award more than US$24 billion worth of concessions by the first quarter of 2014, involving more than 40 projects in total covering road, rail, ports, and airports.

Most of the road projects are designed for the expansion of the country's road transport system which includes more than 30 primary road improvements and construction projects. Many planned concession projects (such as the Prosperity Corridor and the Sun Route) will link the main ports with major cities to improve the current state of cargo transportation and to lessen the perceived "tax" on goods shipped over land.

The GOC is planning concessions for rehabilitating and upgrading railroads and increasing the movement of cargo by rail from the current 35m tons to 90m tons by 2018. In order to meet the previously mentioned goals close to 1,500 miles will need to be built. The main project is the Western Railway, which will join the city of Cali with the Buenaventura port.

ANI has also launched the recuperation of navigability of the Magdalena River (over US$1 billion investment) to make it capable of transporting coal and oil, which should lower transportation costs from the heart of the country to Barranquilla on the Caribbean Coast.

Even though airport projects are a lower priority, there are significant projects on hand, especially for the modernization and expansion of over 25 national and small regional airports. A notable achievement was the inauguration of Bogota's El Dorado terminal, the third busiest hub in Latin America after Sao Paulo and Mexico City. New projects involve bidding rounds (US$150m) for the modification and expansion of the Barranquilla Airport. Similar concessions are in place for the smaller airports of Armenia, Popayan and Cartago. Meanwhile, the Cali Airport will be undergoing the construction of a new international terminal with a project value of over US$75 million.

Regarding sea port projects, the most important initiative involves the expansion of cargo patios in order to enlarge the container areas which are already saturated. Among current projects are a US$250 million project for Buenaventura, a US$180 million project for Barranquilla, and a US$100 million project for Santa Marta.

While the urban transport projects of Bogota are not part of the 4G concessions, the Bogota Metro subway project has recently begun, and contracts for design and studies have been signed. The system is set to have 28 stations connecting 26 kilometers of subway lines, with an estimated cost of US$2.5 billion. The optimistic completion date of the first line is set to be in 2020.

The execution of the projects mentioned above involve both private and public financing efforts. Opportunities exist for American banks that may be interested in supporting some of these projects, especially those under 4G PPP contracts.

Best Products/Services Return to top

Best prospects in the transportation and infrastructure sectors are:

- Engineering and construction services
- Bridge design services
- Aeronautical infrastructure equipment and services
- Financial Institutions- 4G project financing
- Intelligence transportation systems equipment and services
- Road safety equipment and services
- Railroad equipment and services

Opportunities Return to top

On May 15, 2014, the United States-Colombia Trade Promotion Agreement (FTA) will celebrate its two year anniversary. Thanks to the FTA, road and railroad construction equipment (which were previously assessed an average tariff of 15 percent) currently enter the Colombian market duty-free. Services such as project management, bridge design, architecture and engineering design, among others, also have advantages as a result of the FTA.

Other benefits of the FTA include strong protection for U.S. investors (legal stability in which Colombia ranks 6th in the world), expanded access to the services market, greater intellectual property rights protection, market access for remanufactured goods, increased transparency and improved dispute settlement mechanisms (arbitration). Under the National Treatment Caveat, Chapter 9 of the FTA, U.S. companies must be treated as locals when they participate on public bids, eliminating the disadvantage they used to face prior to the signing of the agreement. The one exception to this is with regard to public bids issued by the Colombian Civil Aviation Authority (AEROCIVL), which was excluded from the FTA.

As opportunities are concentrated in road construction, airport expansion, railroad construction and port expansion through concessions with the GOC and through 4G PPP contracts based on the Public Private Partnership (PPP) law, it is recommended that American firms interested in offering services to construction companies in Colombia understand how the PPP scheme works, and partner with Colombian companies by offering their goods or services.

CONSTRUCTION

Overview

Market research firm Business Monitor International (BMI) has recently revised their forecast for the construction industry’s real growth in Colombia from 5.5 percent to 8.35 percent for 2013. This is underpinned by an official revision to industry growth in 2012, which was previously believed to have been 3.28 percent, but is now reported by Colombia's Central Bank to have been 6.3 percent. In addition, the industry reported strong growth of 9.89 percent in the first half of 2013. With continued strong backing from the GOC for the sector, BMI maintains their outlook of a healthy annual average real construction growth of 5.9 percent between 2014 and 2018.

The GOC's Development Plan 2011-2014 has five sectors called "government engines of growth" among which the most representative are Housing (construction goal of US$1 million affordable houses for the underprivileged) and Infrastructure (construction and remodeling airports, ports, roads, etc.), which are expected to generate a growing demand for building materials of low, medium and high range.

Standards are becoming a differentiator for Colombian buyers seeking quality and value. In general, Colombian consumers appreciate U.S. products due to their excellent quality. However, competitive prices are also a decisive factor when competing in this market. In this sense, it is important to highlight the significant growth of Chinese imports during recent years, with approximately 40 percent market share due to considerably low prices.

The FTA, which entered into force in May 2012, is expected to result in a measurable increase in U.S. exports of building products to Colombia. Tariffs on building products in Colombia before the FTA averaged 13.2 percent, ranging from zero to 20 percent. Since May 2012 over 42 percent of U.S. building products exports to Colombia enter the country duty-free. Tariffs on an additional 8 percent are scheduled to be eliminated over five years and tariffs on a further 2 percent of exports are scheduled to be eliminated over seven years. Tariffs on the remaining 48 percent of building products are scheduled to be eliminated in equal cuts over ten years. Therefore, the FTA presents a significant opportunity for U.S. companies interested in exporting building products to Colombia.

Sector Best Prospects

- Concrete additives
- Float glass
- Certain stone articles,
- Glazed and unglazed ceramic
- Non-wired glass in sheets
- Non-wired glass colored
- Fiberboard
- Tubes
- Pumps and ventilation equipment
- Valves
- Structures and parts of iron, metal or steel
- Ceramic sanitary fixtures
- Articles of asphalt or similar materials in rolls
- Glass fibers and articles
- Sinks and wash basins of stainless steel and aluminum structures and parts.
- Lightning – Home electronic appliances

Opportunities in 2014

Growth in 2014 will be based on two main drivers: offering attractive products and achieving greater market coverage. The outlook for the residential/commercial construction industry for 2014 remains positive.

In nonresidential construction, a favorable outlook is expected for the building of warehouses, offices and hotels. According to the Colombian Chamber of Construction-Camacol, the GDP construction/building industry forecast for 2014 could reach 8.4 percent.

For architectural firms, the best way to enter the Colombian market is through joint ventures with Colombian firms. For this a U.S. firm needs to have added value that will make it interesting for Colombian firms to associate with them. In this aspect, the LEED certification is a plus.

The market at this time is somewhat saturated due to the significant number of local firms in the market. Therefore, in order to be competitive a U.S. firm must be price competitive as compared to what domestic firms are offering.

Resources

- Colombian Chamber of Construction-Camacol: www.camacol.co
- Sociedad Colombiana de Arquitectos : www.sociedadcolombianadearquitectos.org/site
- National Department of Statistics: www.dane.gov.co
- Proexport: www.proexport.com.co
- National Planning Department (DNP): www.dnp.gov.co
- National Infrastructure Agency : www.inco.gov.co
- National Agency of Industries: www.andi.com.co
- National Association of Financial Institutions –Anif: www.anif.co
- Colombian Council of Sustainable Construction: www.ccs.org.co
- Ministry of Transportation: www.mintransporte.gov.co
- Centre For Aviation http://centreforaviation.com

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Medical Equipment

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US Dollars	2011	2012	2013
Total Exports	46,548,045	49,266,838	48,058,652
Total Imports	914,824,227	1,038,667,820	1,087,769,468
Imports from the U.S.	325,211,394	365,671,847	368,862,760

Sources:
***World Trade Atlas (HS Codes 9018-9027)

Colombia is the 22nd largest market for U.S. medical equipment exports. During 2012, the United States exported US$365.6 million in medical equipment to Colombia. The medical device market relies on imports for around 80 percent of the market. Since the signing of the United States-Colombia Trade Promotion Agreement (commonly referred to as the FTA) in 2012, 96 percent of U.S. Medical equipment exports to Colombia receive duty free treatment.

The Colombian medical device market was valued at US$1.2 billion in 2013, ranking fourth in Latin America. It is one of the world's ten fastest growing medical device markets. The market is expected to almost double in value in the next five years, reaching US$2.2 billion in 2018.

Due to the 1993 health care reform, also known as Law 100, Colombia benefits from one of the most extensive insurance systems and medical financial protection in Latin America, second only to Chile. This reform created the social security system and covers standards governing the general system of pensions, workplace injury insurance and complementary social services. Currently approximately 80 percent of the Colombian population is covered by health insurance, and the Government of Colombia (GOC) sees universal health insurance coverage as a goal.

The country's healthcare infrastructure is adequate in the larger urban areas, but is in need of modernization. The healthcare system is complex, and coverage is not yet universal. Currently the Colombian Congress is working to develop an updated health care reform law, which they expect would modernize the system.

According to Espicom (A Bussiness Monitor International Company for Medical Devices and Pharmaceuticals) "the Colombian medical device market has benefitted from the country's increasing political stability and GDP growth above the Latin American average in recent years. It now ranks fourth in Latin America and is projected to register one of the world's top 10 fastest 2013- 2018 medical device CAGRs (Compound Annual Growth Rate). Per capita medical device expenditure is low but healthcare and regulatory developments implemented over the last three years will provide new growth opportunities for medical device companies in the long-term. Multinationals that already have a presence in the Latin American market will have a distinct advantage over new entrants."

According to a study by America Economia Intelligence, seven of the twenty best hospitals and clinics in Latin America in 2013 were located in Colombia. In fourth place is the Fundacion Valle del Lili in Cali, in sixth is Fundacion Cardioinfantil in Bogota, in eighth Fundacion Cardiovascular de Colombia in Bucaramanga, in tenth Hospital Pablo Tobon in Medellin, in fourteenth Centro Medico Imbanaco in Cali, in nineteenth Clinica las Americas in Medellin, and in twentieth Hospital San Ignacio de Bogota.

U.S. imports enjoy the largest share of the Colombian market, accounting for around a third of all medical equipment imports. Currently the strongest competitors are China, Germany and Japan. China is quickly increasing market share. With the May 2012 implementation of the FTA, tariffs on 96 percent of U.S. medical equipment exports to Colombia went from an average of 7.6 percent (ranging from zero up to 15 percent) to zero. Colombia also has FTAs with our leading medical device producers such as the European Union and Canada.

Intellectual Property Rights:

The FTA requires high levels of intellectual property protection and enforcement, consistent with U.S. and international standards, and will support the growth of trade in valuable digital and other intellectual property-based products. The FTA also provides enhanced protections for trademarks, copyrights, and patents, such as the implementation of a Colombian electronic trademark application system and on-line database, prohibition on the circumvention of technological protection measures used by copyright holders, and requirements for the parties to provide robust patent and test data protection.

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Best prospects for U.S. medical equipment manufacturers include:

- Medical, surgical, dental and veterinary instruments
- Electro-diagnostic apparatus
- Orthopedics devices
- Prosthetic devices
- Diagnostic imaging equipment
- Laboratory equipment and consumables
- Ultrasound, mammography and cardiovascular equipment.
- Dermatological and laser treatment apparatus and apparel (boosted by medical tourism and expanding plastic surgery demand)
- Intensive care, cardiology, neurology and oncology related equipment

It is expected that a number of Colombia's clinical laboratories will be upgraded in the near future, which will provide an opportunity for exporters of clinical laboratory equipment. Opportunities also remain in medical, surgical, dental and veterinary instruments and electro medical equipment.

Opportunities

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In 2012 Colombia imported medical equipment and supplies valued at US$1.02 billion, the highest level ever. Of this total, US$359 million was from the United States.
The medical device industry is concentrated around the capital of Bogota. Per capita spending on medical devices is average for the region. While there is some domestic capacity for manufacturing basic items, the medical device market is heavily reliant on imports, especially for more high-tech items. A few multinationals manufacture within the country.

In addition, Colombia is seriously promoting the country as a health destination (Health/Medical Tourism). Colombia is well known in Latin America and the rest of the world as a pioneer and leader in health services, positioning the country as one of the most attractive destinations to receive medical treatments. This becomes an important market opportunity for the United States because the success of this industry requires high quality standards, technology and infrastructure. This has led Colombian hospital and clinic management to upgrade existing facilities, adding/renewing medical equipment and providing English language training for their staff.

The best approach to enter into this market is through distributors, as companies really prefer to buy from someone located in Colombia that can provide after-sales services when needed. Although distribution and sales of imported medical equipment in Colombia is handled principally through importers, distributors, representatives, and agents, an increasing percentage of materials, supplies, and equipment, is imported directly by end-users. U.S. manufacturers should maintain close contact with end-users and provide training and demonstrations so end-users can familiarize themselves with the equipment. This strategy is being used effectively in Colombia by European and Japanese manufacturers.

Registration Process
U.S. companies should be aware that medical devices require registration at the "Instituto Nacional de Vigilancia de Medicamentos y Alimentos" (INVIMA), the country's medical device regulator. It is strongly recommended that U.S. companies process the registration under their name and not under the local distributor name, as if it is listed under the local distributor name, the U.S. company will not be able to change or add distributors, during the lifetime of the registration, which is ten years. Classification of devices in Colombia follows a four-tiered risk model (Class I, Class IIa, Class IIb and Class III). Colombia's device classification scheme is similar to those of the European Union and other Global Harmonization Task Force (GHTF) systems. If the device falls into a lower-risk category in Colombia (Class I or IIa), the company may qualify for an expedited review process and achieve market entry in a shorter time.

INVIMA is working on new medical device regulations that are expected to be released in 2014.

Access to this market is not easy for newcomers. The market is mature and competitive, with many foreign firms selling medical equipment and medical products.
It should be noted that registration procedures can often be challenging and may pose a barrier to entry into this market.

Here are three firms that do product registration.

http://www.spiamericas.com/
http://www.lopezramosabogados.com/
http://www.cuestalawyers.com/

Please be advised that this is not an exhaustive list and this does not constitute a recommendation on our part to use any of the mentioned firms.

Trade Events

MEDITECH COLOMBIA http://www.feriameditech.com/ (August 12th-15 2014)
Meditech-Colombia is a specialized trade show in the health sector in Colombia, with national and international participation, that highlights supplies, services and technological advances to foster development of the medical industry in the Andean region, Central America and the Caribbean. Typical attendees include: hospital and clinic managers, Directors General, financial and administrative managers, and purchasing managers; health sector officials; and health sector service providers. Exhibitors include: manufacturers and distributors of medical, surgical, dental, and clinical laboratory equipment; hospital staffing firms; distributors and marketers of direct inputs related to the health sector; entities administering benefit plans; and prepaid medical institutions.

BELLEZA Y SALUD www.feriabellezaysalud.com (August 21st-25th)
The Beauty and Health Fair has established itself as the leading event where the most recognized companies in the sector and leading professionals in the area of health and beauty will be present to show visitors the latest trends, developments in products, equipment and services integral to beauty for men and women.

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- Health Ministry, Ministerio de la Proteccion Social: www.minproteccionsocial.gov.co
- National Industries Association (ANDI): www.andi.com.co
- National Institute for Food and Medicine Surveillance: (Instituto Nacional de Vigilancia de Medicamentos y Alimentos or INVIMA): www.invima.gov.co

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Mining Equipment

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(in US$ millions)	2012	2013[pr]	2014[est]
Total Market Size	1,380	1,383	1,422
Total Local Production	120	122	126
Total Exports	100	101	104
Total Imports	1,360	1,362	1,400
Imports from the U.S.	517	522	583

The above statistics are unofficial estimates.
Sources: National Planning Department, Mining and Energy Planning Unit, and World Trade Atlas.

The Colombian mining sector continues to be an important driver of the Colombian economy, increasing its share of the economy to 7.7 percent, or US$19 Billion, in 2012. Of this over 66 percent was coal production, which reached 89 million tons, up 19.4 percent from 2011. Further, the mining sector, together with the oil & gas sector, has attracted a large percentage of the nation's direct foreign investment (about 21.5 percent). However, the drop of international prices of mining commodities and labor strikes at the country's top two coal producers have reduced the expected production targets for 2013, from 94 million tons to less than 86 million tons. This is also true for other products such as nickel, gold, silver, and other minerals. Industry sources estimate that during 2013 the mining sector decreased by 6 percent compared to 2012.

In addition to market conditions, the extensive delays in the review of old or new environmental license requests (requests are currently taking three times as long as they did in 2006) by the National Environmental Licensing Authority (ANLA), have severely affected the development of large transportation infrastructure, mining, and oil & gas projects. The Government of Colombia (GOC) is actively working with private sector companies to identify ways to streamline the process, reduce procedural bottlenecks and allow for a more predictable process.

The GOC's National Mining Agency (ANM) continues to review license-holders that are not actively developing projects to develop a future auction of mining blocks within the recently created national strategic reserve of 20 million hectares of area that are known to contain key minerals such as gold, copper, and other minerals.

The GOC is also working with the Colombian Congress to review the current national mining code and National Mining Development Plan (PNDM) to attract new mining investors. The ANM and geological survey (Ingeominas) are developing an exploration plan to cover more than 120,000 square kilometers of geologically promising areas, including geophysical and geo-chemical prospecting that could allow a better understanding of mineral potential and attract private partners.

Colombia has proven coal reserves of 6.6 billion metric tons, and up to an additional 4.5 billion metric tons of indicated reserves. This represents about 40 percent of the reserves in Latin America, and ranks number 10 in the world. Since 2002, production levels have expanded 88 percent to reach more than 85 million tons in 2012. Estimates suggest production could reach 140 million tons per year by 2019. Precious metals production, especially gold and silver, has increased more than 11 percent per year to 55.9 tons (gold) and 24 tons (silver) between 2004-2011. Companies such as AngloGold Ashanti, B2 Gold, Continental Gold, and Gran Colombia Gold, among others, are developing feasibility studies or applying for exploration licenses.

Imports of mining equipment benefit from Colombia's relative proximity to the United States. And, with the implementation of the United States-Colombia Trade Promotion Agreement (FTA) which went into effect on May 15th 2012, Colombia will eliminate import duties for equipment, spare parts, and accessories destined for various mining activities (production, processing, and transformation).

Best Products/Services

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Areas of opportunity include mineral exploration (geophysics, mapping, diamond drilling, tunneling), production equipment (drilling, extraction, loading, hauling and crushing), and mining software (resource estimation, modeling, mine design and planning, maintenance and optimization), as well as environmental consulting remediation and mine closure, and mine safety equipment.

Opportunities

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If international commodity prices improve, the leading Colombian coal producers, including Cerrejón, Drummond and Glencore will continue to expand operations in various parts of the country and produce more than 100 million tons per year.

Resources

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- Colombian Government: www.gobiernoenlinea.gov.co
- National Planning Department (DNP): www.dnp.gov.co
- Ministry of Transportation: www.mintransporte.gov.co
- Ministry of Mines and Energy: www.minminas.gov.co
- Mining and Energy Planning Unit: www.upme.gov.co
- National Environmental Licensing Agency (ANLA): www.anla.gov.co
- Drummond Ltd.: www.drummondltd.com
- Carbones del Cerrejón: www.cerrejoncoal.com
- Colombian Geological and Mining Service: www.ingeominas.gov.co
- Inter-American Development Bank (IDB): www.iadb.org/exr/country/eng/colombia/
- The World Bank (WB): www.worldbank.org

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Oil and Gas Equipment

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(in US$ millions)	**2012**	**2013p**	**2014est**
Total Market Size	2,976	2,590	2,650
Total Local Production	200	210	225
Total Exports	110	120	125
Total Imports	2,886	2,500	2,550
Imports from the U.S.	1,003	825	833

The above statistics are unofficial estimates.
Sources: National Hydrocarbons Agency, Ministry of Mines and Energy, Ecopetrol, and World Atlas.

The oil and gas machinery and services market continues to represent an important opportunity for U.S. companies. The Government of Colombia (GOC) continues to place top priority on oil and gas exploration and production, as evidenced by the fact that the country has already reached its 2015 target production level of over one million barrels per day.

According to Colombia's Ministry of Mines and the National Hydrocarbons Agency, during 2013 Colombia's crude oil production averaged 1,007,000 barrels per day and the country's natural gas production averaged 1.176 million cubic feet per day. Colombian petroleum company Ecopetrol is currently the leader in crude oil production due to the implementation of enhanced production technologies in different fields.

However, these production figures are lower than expected due to attacks to the transportation infrastructure from the guerrilla group FARC (a traditional tactic they use to disrupt the oil production and cost the GOC money, and delays in the approval of new environmental licenses and modifications of existing ones in some oil & gas, mining and infrastructure projects. Delays have been occurring in recent years due to increased environmental regulations and a lengthy approval process. Industry sources believe these factors will also impact production levels for 2014, which are projected at 1,030,000 barrels per day, the lowest growth in six years.

Colombia's known oil reserves have increased to 2.4 billion barrels. Natural gas reserves reached 5.7 tera cubic feet (TCF) of proven reserves, and up to 7 TCF of total estimated reserves, allowing the country to remain self-sufficient until late 2018. This will allow more time for the country to identify new crude oil reserves. Despite a significant number of exploration and production (E&P) efforts, only minor discoveries have been made so far, mainly due to the country's complex geology and geography.

Colombia's National Hydrocarbons Agency (ANH) continued its series of block award tenders (known as Rondas) that have attracted the interest of world-class companies such as Anadarko Petroleum. These companies, along with Ecopetrol, will explore the Fuerte Norte/Sur offshore blocks over the Caribbean Sea. Meanwhile Shell Oil and

ChevronTexaco will develop further studies on the Macuira and Nazareth blocks, in 3,000 meter deep waters off the shore of Guajira

In June 2014, ANH is expected to formally launch their Ronda Colombia 2014 opening blocks for exploration and evaluation with potential for coalbed methane and other unconventional hydrocarbons, new offshore areas, and blocks with undeveloped fields in areas with previous discoveries.

Oil and gas companies are conducting an aggressive exploration campaign throughout Colombia, including assessing its offshore Caribbean and Pacific Ocean basins. Despite the lower current oil prices (compared to 2008 prices), these activities offer significant opportunities for U.S. exploration and production (E&P) firms as well as equipment manufacturers and service providers interested in this market in the medium and long term.

In May 2011 Ex-Im Bank announced the approval of US$3.8 billion in loans and guarantees for the modernization of the Cartagena Refinery project (Reficar) and Ecopetrol to support the acquisition of U.S. goods and services for the industry. Imports of oil & gas equipment benefit from Colombia's relative proximity to the United States. And with the implementation of the United States-Colombia Trade Promotion Agreement (FTA), Colombia eliminated import duties for equipment, spare parts, and accessories destined for various activities including exploration, production, refining, and transformation.

Best Products/Services Return to top

- Seismic activity services (both 2D and 3D)
- Improved analytical seismic computer codes
- Drilling equipment (including directional drilling), and drilling fluids
- Wellhead equipment (such as Christmas trees, valves, compressors, pumps, piping equipment, safety equipment, well completion, casing, and cementing equipment)
- Improved production stimulation
- Enhanced oil recovery for selected fields in which production is dwindling
- Crude oil and natural gas pipeline design and construction services

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Potential opportunities involve petrochemical and refinery expansion projects, including an expansion of the Barrancabermeja refinery which awarded Foster Wheeler USA and Process Consultants the project management contract and expects to open the selection process for the US$2.5 billion EPC contract.

Other large projects include the construction of the US$4.2 billion Oleoducto del Bicentenario, a 960 kilometer crude pipeline (450,000 barrels per day) that is expected to become operational by the end of 2014. Ecopetrol has a 55 percent share of this project. Other partners include a 32.8 percent share held by Pacific Rubiales, and the remaining 12.2 percent held by other firms including PetroMinerales and Hocol.

Resources Return to top

- National Hydrocarbons Agency (ANH): www.anh.gov.co
- Ministry of Mines and Energy: www.minminas.gov.co
- Colombian Oil Company (Ecopetrol): www.ecopetrol.com.co
- Colombian Government: www.gobiernoenlinea.gov.co
- Inter-American Development Bank (IDB): www.iadb.org
- National Planning Department: www.dnp.gov.co
- Refinería de Cartagena, S.A. (Reficar): www.reficar.com.co
- The World Bank: www.worldbank.org

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Processed Food and Beverages

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FY 2013 Colombian Imports of Consumer Oriented Products by Country of Import

Country	Ranking	Import Value (US$ Millions) FY2012	Import Value (US$ Millions) FY2013	Change
Total		1,359	1,482	9%
United States	1	298	445	49%
Chile	2	344	334	-3%
Brazil	3	99	113	14%
Mexico	4	77	90	17%
Peru	5	75	70	-7%
Other countries		465	431	-7%

Source: Global Trade Atlas

TABLE: FOOD & DRINK TRADE BALANCE – HISTORICAL DATA & FORECASTS, 2010-2017

	2010	2011	2012f	2013f	2014f	2015f	2016f	2017f
Exports (US$ million)	4,931	6,357	7,347	8,504	9,685	10,905	12,307	13,919
Imports (US$ million)	2,502	3,051	3,695	4,229	4,754	5,288	5,896	6,589
Balance (US$ million)	2,429	3,305	3,652	4,276	4,931	5,617	6,411	7,331

f = BMI forecast. Source: DANE, Bank of Colombia, FENALCO, BMI

Colombia is a growing market for value-added, processed and packaged food products. This growth is partly due to the expansion of mass grocery retailers, with their chilled and frozen storage facilities. Also, producers are set to benefit from further retail expansion beyond the largest four cities (Bogota, Medellin, Cali and Barranquilla).

Middle-to-high-income consumers are showing a greater preference for convenience products. The prepared food market is increasingly being driven by the health and wellness trend, with health consciousness on the rise, generating an increased demand for value-added and premium products that are not generally regarded as essential.

Food Consumption. Between 2012 and 2017, total food consumption is expected to rise by 53.8 percent (nominal growth rate in local currency terms). This will stem from a projected 44 percent increase in per capita spending and 10 percent population growth. This translates into total food consumption growth of just over 66.8 percent over the next five years.

Processed Food[11]

Confectionery. Sales of non-essential products such as chocolate have recorded some of the biggest sales increases in Colombia over the past few years, as disposable incomes have risen. Between 2012 and 2017, value sales are forecast to increase by 30.7 percent. Colombia's confectionery sector benefits from the fact that almost two-thirds of the population is under 30. As in other markets, Colombian confectionery sales are influenced by the health and wellness trend, which is reflected in new products featuring a large proportion of low-sugar and fat-free products.

Canned Food. As disposable incomes rise and more consumers start to look for convenient meal options, canned food sales are expected to increase by 30 percent in value terms (local currency, nominal growth rate), and by 11.8 percent in volume terms between 2012 and 2017. In U.S. dollar terms, the canned food market is expected to increase by just over 41 percent. It can be expected that food manufacturers will continue to invest significantly in modernizing facilities and expanding production capacities, supported by rising investor confidence coupled with the improved security situation.

Consumption of jams/jellies in Colombia is expected to increase through 2017, from an estimated 1.55kg per capita consumption in 2012, to 2.04kg per capita in 2017. This growth is likely to be driven by increased demand for value-added and premium products from Colombian consumers. Domestic production of jams/jellies is substantial, at over 74,000 tons in 2012 and showing year-on-year growth of around 9 percent between 2012 and 2017.

Dairy. Due to the large percentage of the population that remains in the low income bracket, the consumption of dairy products in Colombia is lower in percentage terms than in many other countries in the Andean region. In 2012, per-capita consumption of ice cream stood at 2.5kg, cheese at 1.35kg and butter at 0.5kg. By 2017 ice cream consumption will increase to 3.52kg per capita, cheese consumption will increase to 1.43kg per capita and butter consumption will increase to 0.55kg per capita.

In all three dairy subsectors domestic production is substantial, accounting for the bulk of local consumption. Exports only account for a small proportion of total production. Currently, local producers account for around 98 percent of demand in Colombia. However, the United States-Colombia Trade Promotion Agreement (commonly referred to as the FTA) immediately removes tariffs on 52 percent of U.S. agricultural trade (with tariffs for the remaining products phased out over time). As a result, the U.S. gains duty-free, quota-free access for whey and lactose products, as well as increased quotas for cheese, ice cream and processed dairy products. In 2010, U.S. dairy exports to Colombia were estimated at US$6 million.

Meat. Within overall meat demand in Colombia, consumption of sausages is far higher than that for bacon/ham. In 2012, per-capita consumption of sausages stood at just over 8kg which is expected to rise to 12.28kg by 2016. In contrast, per capita consumption of bacon/ham stood at just 0.40kg in 2012 and is expected to increase to 0.49kg in 2017.

[11] Processed Food forecasts are based in excerpts of the analysis done by Business Monitor International

Domestic production of meat accounts for the majority share of local demand in both the bacon/ham and sausages sectors. Imports of bacon/ham are greater than the level for sausages and are forecast to increase more substantially year on year through 2017.

Healthy and indulgent products. Colombian consumers are increasingly aware of the need to adopt healthier eating habits but do not wish to sacrifice flavor. Manufacturers have responded to such demands by rapidly introducing healthier products without sugar, low in fat or free from trans fats. Soft rolls and snack bars are the categories with a wider variety of flavors and have the advantage that they can be taken and eaten anywhere, so in spite of busy lifestyles, healthier eating habits are not being cast aside.

A good example of this is in the sweet and savory snack category. Innovations in sweet and savory snacks to reduce trans fats and add healthy omega-3 fats helped to drive sales by tapping into the health trend. Furthermore, manufacturers released new flavors and texture mixes to appeal to a wider range of consumers and increasingly demanding and sophisticated palates. As a result, sweet and savory snacks was the best performer in 2011 with current value growth of eight percent.

Beverages

Tea. The market for (hot) tea is starting to increase in Colombia due to augmented health consciousness and marketing efforts from the country's tea distributors. This is expected to result in an increase of tea consumption over the next five years.

Soft Drinks/Water. The bottled water market in Colombia offers, among others, natural, carbonated, flavored water, energizing water, and functional water(added vitamins and/or minerals). This niche has proven to be successful, as a result of increasing demand for sophisticated products. This will be driven by the growing presence of value-added products, in response to the increasingly sophisticated taste of consumers.

The share for natural water is 15.97 percent, for sodas 41.12 percent, and for flavored water 42.92 percent. In Colombia, a bottle of water costs an average of US$ 1, while a functional water costs up to US$ 2.80. The consumption of functional water has resulted from a 'wave' of health consciousness where the population is more interested in buying a product for its added value than for the price.

It’s estimated that the low income population consumes 40 percent of the water market, while the remaining 60 percent is the middle and high income classes.

In Colombia there are a good number of companies in the soft drink sector (containing added sugar or flavor), including: Coca- Cola Femsa and Postobon. It is also important to mention that major retail chains in Colombia, like Jumbo and Almacenes Exito have their own production of these beverages.

In general, Colombian consumers appreciate U.S. products due to their excellent quality. Competitive prices are a decisive factor when competing in this market.

The Colombian soft drink/water market is attractive for U.S. companies for various reasons:

- Colombia spends $US 176 million annually in this sector
- The Colombian soft drink/water market is growing 11 percent annually
- The market is still growing in Colombia, with unexplored opportunities.

These developments are supported by forecasts for the sector. Soft drink sales (in local currency, nominal terms) are expected to increase by just over 32 percent between 2012 and 2017. Growth for carbonated beverages is forecast to be modest due to the increased health consciousness of consumers; however, bottled water, fruit juices and functional drinks can be expected to experience particularly strong growth as a result of the aggressive marketing and promotional strategies of manufacturers.

Alcoholic Drinks. The growing popularity of beer among Colombia's middle class is predicted to increase volume sales by about 14 percent between 2012 and 2017. The growing appreciation of international premium varieties means that sales are expected to grow at a slightly faster rate.

Leading brands from international spirits firms are gradually finding markets in wealthy metropolitan areas, which will inevitably lead to an increase in consumption over the forecast period.

Best Products/Services

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FY 2013 Colombian Food Product Rankings by Country of Import

Product Category Harmonized System Code	Rank	Country	Import Value (US$ Millions)
Meat And Meat Offal		Total	173.72
HS 02	1	United States	103.22
	2	Chile	35.36
	3	Canada	26.53
	4	Peru	5.34
	5	Argentina	2.12
		Other countries	1.15
Dairy Products		Total	67.40
HS 04	1	United States	30.15
	2	Chile	12.45
	3	Bolivia	7.32
	4	Argentina	6.39
	5	Uruguay	3.22
		Other countries	7.88
Edible Vegetables, Certain Roots And Tubers		Total	166.34
HS 07	1	Canada	66.55
	2	China	30.56
	3	Peru	22.67
	4	United States	14.13
	5	Ecuador	12.41
		Other countries	20.01
Edible Fruit And Nuts		Total	258.78
HS 08	1	Chile	162.55
	2	United States	55.19
	3	Peru	14.14
	4	Argentina	5.10
	5	Spain	4.24

		Other countries	17.57
Coffee, Tea, Mate And Spices HS 09		Total	100.89
	1	Peru	55.86
	2	Ecuador	25.95
	3	Sri Lanka	7.59
	4	Brazil	3.15
	5	India	2.15
		Other countries	6.19
Milling, Malt And Starches HS 11		Total	24.64
	1	United States	4.45
	2	Chile	3.53
	3	Thailand	2.34
	4	Brazil	1.86
	5	Netherlands	1.74
		Other countries	10.72
Edible Preparations Of Meat, Fish, Crustaceans, Mollusks HS 16		Total	240.41
	1	Ecuador	110.25
	2	Duty Free (Cartagena)	72.04
	3	United States	24.28
	4	Chile	14.94
	5	Peru	8.32
		Other countries	10.58
Sugars And Sugar Confectionary HS 17		Total	227.47
	1	Brazil	114.78
	2	Bolivia	35.80
	3	United States	16.35
	4	Mexico	12.87
	5	Peru	11.74
		Other countries	35.93
Cocoa And Cocoa Preparations HS 18		Total	59.82
	1	United States	14.67
	2	Ecuador	11.13
	3	Brazil	9.64
	4	Mexico	4.58
	5	Italy	3.08
		Other countries	16.72
Preparations Of Cereals, Flour, Starch Or Milk; Bakers' Wares HS 19		Total	192.33
	1	Chile	44.32
	2	Mexico	42.69
	3	Peru	22.64
	4	United States	20.03
	5	Brazil	7.85
		Other countries	54.80
Preparations Of Vegetables, Fruit, Nuts HS 20		Total	118.94
	1	United States	43.44
	2	Chile	24.74
	3	Mexico	8.48
	4	Argentina	6.10

	5	Netherlands Other countries	6.03 30.15
Miscellaneous Edible Preparations HS 21	 1 2 3 4 5	Total United States Brazil Mexico Chile China Other countries	297.30 111.81 85.80 18.20 11.47 10.74 59.27
Beverages, Spirits And Vinegar HS 22	 1 2 3 4 5	Total United Kingdom Cuba Ecuador Chile Peru Other countries	296.10 48.35 30.15 29.01 27.25 25.73 135.61
Albuminoidal Substances; Modified Starches; Glues; Enzymes HS 35	 1 2 3 4 5	Total United States Brazil Mexico Denmark China Other countries	127.50 31.60 20.24 16.91 9.28 6.76 42.72

Source: Global Trade Atlas

Opportunities Return to top

The FTA is providing duty-free access on 77 percent of all agricultural tariff lines, accounting for 52 percent of current U.S. exports to Colombia. Colombia will eliminate most other tariffs on agricultural products within 15 years. Duty-free treatment is also extended to most processed food products, including pastry and dessert mixes, spices, condiments (except mayonnaise), frozen vegetables, processed turkey, beer, wine, nuts, soup preparations, soft drinks, cookies, snacks, and chips, among others. Before the FTA these products had an average tariff of between 5 and 20 percent.

The following product categories represent the major export opportunities, and emerging opportunities, for U.S. food products with zero duties entering Colombia:

Consumer-Oriented
pastry and dessert mixes
spices
condiments (except mayonnaise)
frozen vegetables
premium beef cuts
processed turkey
beer
wine
nuts

soup preparations
lamb
fresh fruits
healthy food products
processed vegetables

According to a recent consumer survey by Raddar Consumer Knowledge Group, about 80 percent of Colombian households associate with specific food brands that are regularly included in shopping lists. The following branded products are increasing in retail market share: canned/processed food, dried processed food, frozen processed food, meal solutions, oils and fats, ready-to-eat meals, sauces, dressings and condiments.

There are a number of reasons why the mass grocery retail sector is expected to continue to grow:

- Colombia has the third largest economy in Latin America; foreign retailers have invested significantly in the country's mass grocery retail sector since the 1990s.
- Significant growth is expected, particularly in the superstore and smaller supermarket, or 'express' store, formats.
- The Colombian mass grocery retail sector is among the most developed in the region, making it relatively easy to introduce new products.
- A well-developed retail sector is a strong outlet for packaged and value-added food products.
- A young population, rising disposable income and an increasing number of working women are fuelling demand for higher-value, processed goods.
- Increased health consciousness is creating opportunities in this high-value sector.
- Soft drinks sales are expected to increase by approximately 33 percent over the next five-years.
- Consumption of soft drinks is below average for the region, suggesting that the sector has strong potential for growth.

Critical considerations for market entry include the following:

- Competition is based on quality, price and service;
- U.S. suppliers should develop ways to meet the needs of the Colombian market through personal visits to better understand the market and identify needs of buyers and consumer trends;
- Many Colombian companies' representatives visit trade shows in the United States, such as Food and Beverage of the Americas and Fancy Foods Show, which are great opportunities for U.S. exporters to meet and educate Colombian importers;
- Develop, to the extent possible, 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

Advantages and Challenges for U.S. Exporters of Food Products for Processing

Advantages	Challenges
The FTA expands opportunities and market	Colombia has trade agreements with many other

potential for many agricultural products	countries increasing competition for U.S. products
U.S. agricultural products have a reputation for high quality	Colombian per capita consumption for processed and semi-processed products, such as bread, is low, compared to other Latin American markets
Colombia is the second largest agricultural trade destination for U.S. food products in South America	U.S. products will have to maintain the reputation of higher quality in order to be competitive with local food processing companies, guaranteeing a consistent and uniform supply of products year round
The growth of tourism and the hotel and restaurant sectors will require a greater array of raw materials and ingredients to make final products more appealing to foreigners and fast changing domestic consumer tastes and preferences	Imported food product registrations are costly, ranging from US$500 to US$2,300 depending on the product
The growing middle class, specifically the youth and working women of Colombia, are stimulating new food consumer trends and a growth in processed foods	There is a cultural misperception that frozen products are unhealthy and lack quality
Market opportunities for health foods and organic products are expanding after surveys showed that 51 percent of Colombians are overweight or obese and the GOC is implementing healthy living campaigns	Internal transportation costs from ports of entry are costly due to extremely poor infrastructure
	Cold chain is deficient and Colombians have no clear understanding of this need to maintain product quality

Source: Colombia Food Processing Sector Report 2013-USDA Foreign Agricultural Service (12/19/13)

The best approach to enter the Colombian market is through distributors. In order to import and distribute beverage products into Colombia, products must be registered with the Colombian National Institute for Surveillance of Medicines and Food (INVIMA). It is necessary to obtain a Mandatory Sanitary Notification (Sanitary Registry). One of the requirements for this notification is the Certificate of Free Sale. Registration is valid for ten years but only for the applicant (exporter or importer) and the manufacturer specified on it. It is highly recommended that the U.S. exporter apply for sanitary registration, as if this is done by the importer, they will control the product in Colombia for the duration of the ten year registration. Here are three firms that do product registration.

http://www.spiamericas.com/
http://www.lopezramosabogados.com/
http://www.cuestalawyers.com/

Please be advised that this is not an exhaustive list and they do not constitute a recommendation on our part to use any of the mentioned firms.

Colombia requires country-of-origin labeling for processed food products. However, frozen vegetables are not classified as a processed food and therefore no country of origin labeling is required. Also, fresh fruit and vegetables do not require country of origin labeling. Product labeling information on imported processed products must be present at the point of retail sale. The responsibility for this labeling information rests with the importer, not the retailer. Many Colombian importers arrange for this information to be placed on the product by the exporting firm, before it enters Colombia. Labels on processed food products must indicate the specific name of the product, ingredients in order of predominance, name and address of manufacturer and importer, number of units, instructions for storage and usage (when required), and expiration date.

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- USDA Foreign Agricultural Service: http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx
- National Industries Association (ANDI): www.andi.com.co
- Colombian Customs Department -DIAN: www.dian.gov.co
- Colombian Institute of Technical Standards and Certification (ICONTEC): www.icontec.org.co
- National Institute for Food and Medicine Surveillance (Instituto Nacional de Vigilancia de Medicamentos y Alimentos or INVIMA): www.invima.gov.co

For more information please contact Paola Lugari, Commercial Specialist of the U.S. Commercial Service in Colombia at paola.lugari@trade.gov or (571) 275-27-96.

Travel and Tourism

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(in US$ millions)	**2012**	**2013[est]**	**2014 Projected**
Total Market Size	4,196	4,616	5,076
Per capita expenditures of Colombian travelers in the USA	1,860	2,046	2,250
Per capita expenditures of Colombian travelers in the rest of the world	2,805	3,085	3,393

Statistics are unofficial estimates based on reports from the sector in terms of GDP percentage; 2013/2014 data is estimated with an increment of 10% from 2012. Source: Proexport; U.S. Office of Travel and Tourism Industries

Due to steady GDP growth and increased economic stability, Colombia offers a promising market for the U.S. tourism industry. Colombia is expected to be one of the fastest growing countries in terms of number of visitors to the United States over the next 10 years, according to the International Air Transport Association (IATA). Colombia ranks as the 16th top country for sending travelers to the United States. More than 735,000 Colombian travelers visited the United States in 2013, 22 percent more than in 2012.

The United States is the most popular overseas travel destination for Colombians, who, in 2013 spent about US$1.75 billion in the United States (excluding airfares) on food, car rental, hotel, sightseeing, and shopping. The length of stay for Colombians in the United States varies, but averages approximately seven nights; however, for those with relatives in the United States the average stay ranges from two to four weeks. The time of travel usually corresponds with school calendars and usually takes place from November to early February, during Easter week and from June to late August. On April 15, 2012, the U.S. State Department announced the validity increase of B-1 and B-2 visit visas for Colombians traveling on a temporary basis to the United States from five years to ten years. Under these new rules, most Colombian applicants who qualify for a B-1 or B-2 non-immigrant visa will be issued a 120-month, multiple-entry visa. Additionally, the U.S. government has increased its efforts in the visa process capacity in order to reduce visa interview wait times. This and the implementation of the United States-Colombia Trade Promotion Agreement (commonly referred to as the FTA) which was implemented on May 15, 2012, will foster a significant expansion of trade between the two countries that will result in the increase of Colombian business travelers visiting the United States.

Since the validity increase, of B-1 and B-2 visit visas for Colombians traveling on a temporary basis to the United States from five years to ten years, the number of Colombians traveling to the United States has increased significantly, with a 22 percent increase in 2013 over the previous year. It is expected that this increase will continue in the coming three to four years.

On May 10, 2011, Colombia and the United States signed an “Open Skies” air transport agreement. This agreement entered into force on January 1, 2013, encouraging several airlines to unveil plans to add services between the two countries in the next two years. During the transition period before the “Open Skies” agreement entered into force, each country was allowed to add 21 additional weekly frequencies on currently operated routes and create new itineraries without restriction.

This Open Skies agreement will strengthen and expand the strong linkages between the two countries, benefiting U.S. and Colombian businesses and travelers by expanding air service and encouraging vigorous price competition by airlines, while safeguarding aviation safety and security. Airlines from the United States and Colombia will be allowed to select routes, destinations, and prices for both passenger and cargo service based on consumer demand and market conditions. This agreement will significantly increase air traffic between the two countries. Currently, 200 weekly flights operate between Colombia and the United States.

Five U.S. airlines provide direct daily flights between Colombia and the United States; Delta (from Atlanta and New York), United Airlines (from Houston and Newark), American Airlines (from Miami and Dallas), Spirit (from Fort Lauderdale) and Jet Blue (from Orlando and Fort Lauderdale). Avianca provides non-stop flights to Miami, Washington-Dulles, Fort Lauderdale, Orlando, and New York, and LAN also offers non-stop service from Colombia to Miami.

Most Colombians organize their trips through a local travel agent, and are known to be last-minute planners, especially to overseas destinations. The Internet has begun to affect the competitive balance in the travel and tourism industry, as it provides an efficient vehicle for information access, marketing, purchasing and paying for services. Most Colombian travel agents have developed their own travel websites to offer online flight booking, hotels and car rentals.

Colombians have significantly diversified their travel habits, selecting other countries for their vacation plans. South America, especially Argentina and Brazil, have become increasingly popular destinations. These destinations are attractive alternatives to the United States because there is no visa required and promotional packages that include low airfares and all-inclusive hotel or resort rates are readily available. The strong competition from alternative destinations makes it imperative for the U.S. Travel and Tourism industry in Colombia to consistently promote travel opportunities.

Best Prospects/Services

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- Air Transportation Services
- Hotels, Motels, Lodging facilities
- Passenger Car Rental
- Dining in Restaurants
- Sightseeing tours
- Amusement: theme parks, natural parks
- Shopping
- Special interest (sports, arts, entertainment)
- Beaches
- Cruises
- Health insurance cards

Opportunities

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The total number of passengers traveling from Colombia to foreign countries increased by 15 percent between 2008 and 2012. From 2012 to 2013 the number of travelers grew approximately 22 percent. The growth rate for 2014 is expected to increase by 15 percent. There are positive factors that will help Colombia to augment the number of travelers going abroad for business and tourism purposes such as: (a) the “Open Skies” agreement which entered in force in January 2013 (b) the implementation of the FTA; (c) the validity increase of B-1 and B-2 visit visas for Colombians going to United States from five to ten years (d) the implementation of trade agreements between Colombia and other countries, including Mercosur, Central America, Asia, Canada and the European Union.

The increasing flow of foreign passengers coming to Colombia is creating a growing demand for hotel services. Several major international hotel chains have started construction of new facilities. Marriott opened a new hotel in Cali and plans to open one in Medellin in 2015 and two more in the following three years. Hilton plans to open six hotels in other cities (Barranquilla, Cartagena, and Medellin); Holiday Inn plans to open three new hotels in Bogota, Barranquilla and Cartagena; Tryp and Wyndham opened a new hotel in Bogota and plan to open 43 hotels in Colombia in the next three years with the brands Days Inn and Super 8. Additionally, Sonesta, Hyatt, and Decameron have announced their plans to build hotels in the cities of Bogotá, Medellin, Cali and Cartagena, 52 new hotels (4,600 rooms) are expected to be completed by 2017. During the period 2004 – 2012, the hotel industry investments increased from US$ 24 million in 2004 to US$ 2.2 billion in 2012.

According to ProExport, a federal agency to attract investment to Colombia, local governments offer incentives in the form of an income tax exemption for a period of 30 years for new hotels constructed and/or expanded between 2003 and December 31, 2017. Also, ecotourism services will receive this benefit for 20 years, which began in 2003.

This means that the companies which benefit from these incentives will pay a 0 percent income tax rate for a period of time and once that term is over they will be subject to the general tax rate, which is 33 percent.
Other incentives:

- Tax duty exemption and VAT deferral on Capital Goods used for tourism exports
- Legal Stability Agreements to guarantee investment projects
- Tax discounts by hiring new employees under 28, handicapped, displaced, or women over 40

Resources

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- Office of Travel and Tourism Industries
  http://tinet.ita.doc.gov
- Colombian Association of Airlines (ALAICO):
  www.alaico.org or Tel: 011 571 618-0540

- Colombian Association of Travel and Tourism Agencies (ANATO): www.anato.com.co or Tel: 011 571 610-7099
- Colombian Hotels Association (COTELCO): www.cotelco.com or Tel: 011 571 310-3640
- Colombian Special Administrative Unit for Civil Aeronautics (UAEAC): www.aerocivil.gov.co or Tel: 011 571 425-1000
- Ministry of Commerce and Tourism: www.mincomex.gov.co or Tel: 011 571 606-7676

- Invest in Colombia: http://www.investincolombia.com.co/investment-incentives/other-incentives.html or Tel: 011 571 - 561-1804

For More Information

Please contact Julio Acero, Commercial Assistant of the U.S. Commercial Service at the U.S. Embassy Bogotá, Colombia at Julio.Acero@trade.gov or 011-571-275-2635.

Agricultural Sectors

Consumer Oriented Products

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	2011 (Estimated)	2012 (Estimated)	2013 (Projected)
Total Market Size	19,160	20,250	21,100
Total Local Production	21,250	22,400	23,408
Total Exports	3,103	3,164	3,389
Total Imports	1,115	1,435	1,491
Imports from the U.S.	224	347	465

(pr) Preliminary, (e) estimated, (p) projected. (The above statistics are unofficial estimates in millions of US$)
Source: See resources at the end

Demand in Colombia for consumer oriented and other high-value food products has been growing steadily since the early 1990s. Specific products showing an increase in sales since then are red meat, fresh/frozen pork, mechanically de-boned chicken meat, hatching eggs, fresh fruits, processed fruits and vegetables, pet food, beer, nursery products, and various types of snacks and prepared foods. The main conditions that support the rise of consumer oriented product trade include: Colombia's consistent annual economic growth above 4 percent, an expanding middle class, falling poverty, and changing consumer tastes and preferences.

Best Prospects/Services
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Strong foreign direct investment in Colombia is likely to continue and although the Colombian peso has slightly weakened against the dollar, the impact on imports from the United States will be negligible.

Historically, Chile has been the principal supplier of imported fresh fruits to Colombia, but Colombian retailers are seeking to increase their supply of U.S. fruits, such as apples, pears and other products.   Foreign competition in wine is primarily from Chile, Argentina, Spain, and France. Marketing efforts continue to introduce and expand high-quality U.S. wines to a growing consumer base in Colombia. South American countries receive a preferential duty as members of the Latin American Integration Association (LAIA) and/or the Andean Community of Nations. The implementation of the U.S.-Colombia Trade Promotion Agreement (FTA) effectively removed import duties for most consumer oriented products; however, some products still have a 5-year phase out period.

Although the production of domestic processed foods is growing, imports play an increasingly important role to meet a growing consumer demand and changes in tastes and preferences. Sustained economic growth in the past two years and strong competition in the supermarket sector has also had an important impact on imports. The United States is the principal foreign supplier of consumer oriented food products to Colombia. U.S. food products are highly regarded in the Colombian market for their quality and value as well as for their wide diversity.

Opportunities
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U.S. food companies looking to break into the Colombian market for consumer oriented food products and beverages should consider visiting Colombia to conduct a preliminary market analysis and meet potential buyers. Implementation of the FTA provided increased opportunities for U.S. food and beverages and it is critical to develop business relationships with Colombian counterparts. There will also be increased opportunities for foreign direct investment with local food processing companies.

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Trade Shows: Alimentec is a food industry exhibition that takes place in Bogota, Colombia, every two years in the month of June. Information can be found at http://www.feriaalimentec.com/

Information on the processed food sector in Colombia can be obtained from Ms. Maria Carolina Lorduy, Executive Director of the Food Industry Chamber at the National Association of Industrialists (ANDI): Calle 73 No. 8-13, Piso 6, Torre A, Bogotá, D.C., Colombia. Telephone (57-1) 326 8521/40, fax (57-1) 347-3196/98, e-mail: clorduy@andi.com.co

The National Institute for the Control of Food and Drugs (INVIMA) is the Colombian government agency that regulates processed food products and is controlled by the Ministry of Social Protection. The main contact is the Deputy Director for Food and

Alcoholic Beverages, INVIMA, Carrera 68D No. 17-11or 17-21, Bogotá, Colombia. Telephone (57-1) 294-8700 Ext. 3922, fax (57-1) 294-8700, Ext. 345. E-mail: invimasal@invima.gov.co. Web site: www.invima.gov.co

The Office of Agricultural Affairs at the American Embassy Bogotá can be contacted via e-mail at agbogota@usda.gov or telephone (57-1) 275-4623, fax (57-1) 275-4525.

WHEAT

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	2011	2012 (Estimated)	2013 (Projected)
Total Market Size	1,559	1,524	1,438
Total Local Production	24	24	24
Total Exports	0	0	0
Total Imports	1,535	1,500	1,414
Imports from the U.S.	700	419	681

(In thousands of metric tons)

Source: See resources at the end

Wheat production is marginal in Colombia and is expected to average about 24 thousand metric tons annually. Colombia's wheat is primarily of low quality and is not likely to expand. Under the FTA, the U.S. wheat enters Colombia with zero duty and no quota. Prior to FTA implementation, U.S. market share fell due to duty preferences for imports from the Southern Common Market (MERCOSUR) and Canada. FTA implementation created more favorable trade circumstances for U.S. wheat with greater opportunities for trade.

Best Prospects/Services

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FTA implementation has greatly helped the United States to recover lost wheat import market share at the expense of Canada and MERCOSUR. Zero duties and no quota will create more competitive trade conditions against MERCOSUR wheat, which is subject to a price band mechanism, where duties fluctuate based on a reference price. Canadian wheat, which also has zero duties and no quota, will be the primary competitor.

Opportunities

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While bread consumption in Colombia remains low, there has been a steady increase in Colombian pasta consumption creating increased demand for high-quality Durum wheat.

Resources

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The U.S. Wheat Associates, Inc, from its regional office in Santiago, Chile, services wheat trade in South America. Information on the wheat market can be obtained from United States. Wheat Associates, Inc., La Concepción 177/32B, Casilla 16616,

Santiago 9, Chile. Telephone +562 235-7137, fax (562)2357371, oseco@uswheat.org
Website: www.uswheat.org

The local wheat milling industry is represented by the National Federation of Wheat Millers, FEDEMOL, at Calle73 No. 8-13 Torre A, Bogotá , D.C. – Colombia, telephone +57-1 326-8500 ext. 2420, fax (57-1) 347-3196, E-mail: jjimenez@andi.com.co.

The Office of Agricultural Affairs at the American Embassy Bogotá can be contacted via e-mail at agbogota@usda.gov or telephone (57-1) 275-4623, fax (57-1) 275-4525.

CORN

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	2011	2012 (Estimated)	2013 (Projected)
Total Market Size	4,239	5,128	5,458
Total Local Production	1,421	1,681	1,826
Total Exports	0	0	0
Total Imports	2,818	3,447	3,632
Imports from the U.S.	551	180	644

(In thousands of metric tons)

Source: See resources at the end

Colombia's yellow corn production is challenged by low productivity and is very susceptible to weather conditions and plant pests. As a result, about 60 percent of the market is satisfied by imports. Colombian imports of U.S. corn have fallen in recent years because of high prices and strong competition from MERCOSUR. Colombian corn demand is expected to increase because of growing feed needs from the Colombian poultry sector. Under the FTA, U.S. yellow and white corn are subject to a tariff-rate-quota (TRQ) to be phased out over 12 years.

Best Prospects/Services

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The FTA has improved market conditions for U.S. corn against MERCOSUR competitors. The United States is poised to take advantage of TRQ preferences, in addition to quality and shipping cost differences to attract Colombian buyers. U.S. corn can take advantage of more competitive trade conditions against MERCOSUR corn, which is subject to a price band mechanism, where duties fluctuate based on a reference price.

Opportunities

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Corn imports will increase in the following years due to: 1) a continued growth of the Colombian economy and a relatively strong Colombian peso; and, 2) a rising middle class and shifting dietary patterns towards more animal protein that generates a significant demand for more animal feed to satisfy primarily the poultry and swine sectors.

Resources

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Trade Shows: AgroExpo is an agro-industry and livestock exhibition that takes place in Bogota, Colombia, every two years in the month of July. Information can be found at www.corferias.com. The U.S. Grains Council has a regional consultant for trade servicing in different grain commodities in Colombia and the Andean region. The consultant is Mr. Jaime Cuellar, Calle 92 No. 10-40, Apto. 503, Bogotá, D.C., Telephone (57-1) 236-7532, 864-8695, mobile phone (57-3) 315-383-3288, fax (57-1) 236-7532 or 864-8704, E-mail: jacuellar@epm.net.co, Website: www.grains.org

The local feed industry, the primary user of imported yellow corn, is represented by the Feed Chamber at the National Association of Industrialists (ANDI): Calle 73 No. 8-13, Piso 6, Torre A, Bogotá, D.C., Colombia. Information on the feed sector in Colombia can be obtained from the Executive Director of Feed Industry Chamber at (011) (57-1) 326-8500 Ext. 2419, fax (011) (57-1) 347-3198, E-mail: lkuratomi@andi.com.co, Web site: www.andi.com.co

The Office of Agricultural Affairs at the American Embassy Bogotá can be contacted via e-mail at agbogota@usda.gov or telephone (57-1) 275-4623, fax (57-1) 275-4525.

SOYBEAN MEAL

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	2011	2012 (Estimated)	2013 (Projected)
Total Market Size	1,024	1,072	1,056
Total Local Production	7	7	7
Total Exports	0	0	0
Total Imports	1,014	1,065	1,049
Imports from the U.S.	151	158	329

(In thousands of metric tons)

Source: See resources at the end

The oilseed meal supply in Colombia is composed mainly of soybean meal, cottonseed meal, palm kernel meal, and sesame seed meal. All fishmeal used in the country is imported from Perú, Chile, and Ecuador. The FTA eliminated duties on all imports of U.S. soybeans and soybean meal. Primary competitors are MERCOSUR countries.

Best Prospects/Services

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Total domestic consumption of soybean meal and palm kernel meal are forecast to make up 90 percent of Colombian vegetable meal used for animal feed production.

U.S. export market share of soybean meal to Colombia dramatically dropped to 5 percent against MERCOSUR countries in recent years. Zero duties and no quota under the FTA have greatly helped soybean meal exports recover and expand market share against competitors.

Opportunities Return to top

The FTA has created new opportunities for U.S. exporters and investment opportunities for new oilseed crushing facilities and feed manufacturing plants in Colombia. Soybean meal imports will continue to increase in the following years due to a rising middle class and shifting dietary patterns towards more animal protein that generates a significant demand for more animal feed to satisfy primarily the poultry and swine sectors.

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Trade Shows: AgroExpo is an agro-industry and livestock exhibition that takes place in Bogota, Colombia, every two years in the month of July. Information can be found at www.corferias.com.

The American Soybean Association (ASA) maintains a regional consultant for trade servicing in Caracas, Venezuela, for the Andean region. The consultant is Ms. Belinda Pignotti, Program Coordinator, Edif. Banco del Orinoco, Of. 7-D, Piso 7. Ave. Francisco de Miranda, La Floresta. Telephone (58212) 285-7697, mobile phone (58414) 308-7705, fax (58212) 285-7697, E-mail: asacar@cantv.net , Website: www.soygrowers.com

The local feed industry, a main user of imported soybean meal, is represented by the Feed Chamber at the National Association of Industrialists: Calle 73 No. 8-13, Piso 6, Torre A, Bogotá, D.C., Colombia. Information on the feed sector in Colombia can be obtained from Ms. Luz S. Kuratomi, Executive Director of Feed Industry Chamber at telephone (57-1) 326-8500 Ext. 2419, fax (57-1) 347-3198, E-mail: lkuratomi@andi.com.co Web site: www.andi.com.co

The Office of Agricultural Affairs at the American Embassy Bogotá can be contacted via e-mail at agbogota@usda.gov or telephone (57-1) 275-4623, fax (57-1) 275-4525.

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Chapter 5: Trade Regulations and Standards

Import Tariffs

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Most of Colombia's duties have been consolidated into three tariff levels: 0 percent to 5 percent on capital goods, industrial goods, and raw materials not produced in Colombia; 10 percent on manufactured goods, with some exceptions; and 15 percent to 20 percent on consumer and "sensitive" goods. Exceptions include: automobiles, which are subject to a 35 percent duty; beef and rice, which are subject to an 80 percent duty; and milk and cream, which are subject to a 98 percent duty. Whey is currently subject to a 20 percent duty in-quota (3,000 tons) and a 94 percent duty outside the quota. Other agricultural products fall under the Andean Price Band System (APBS) established by Decision 371 of the Andean Community (AC). The AC includes Bolivia, Colombia, Ecuador and Peru. The APBS protects domestic industry with a variable levy by increasing tariffs when world prices fall, and lowering tariffs when world prices rise.

The APBS includes 13 product groups and covers more than 150 tariff lines. This system can result in duties exceeding 100 percent, depending on world commodity prices, for important U.S. exports to Colombia, including corn, wheat, rice, soybeans, pork, poultry parts, cheeses, and powdered milk. The APBS has been suspended for milk powder, rice and white corn. The APBS also negatively affects U.S. access to Colombian markets for products such as dry pet food, which contains corn. By contrast, processed food imports from Chile and AC Members enter duty-free.

In March 2012, Colombia joined the WTO Information Technology Agreement, under which Members eliminate tariffs on a most favored nation (MFN) basis for a wide range of information technology products.

About 80 percent of U.S. exports of consumer and industrial products to Colombia became duty free immediately on May 15, 2012 FTA between the United States and Colombia entered into effect:

•Over 80 percent of U.S. exports of consumer and industrial products to Colombia will become duty free immediately, with remaining tariffs phased out over 10 years. With average tariffs on U.S. industrial exports ranging from 7.4 to 14.6 percent, this will substantially increase U.S. exports. U.S. exports to Colombia have increased by over twenty percent in the two years since the FTA entered into force.

•Key U.S. exports gained immediate duty-free access to Colombia, including almost all products in these sectors: agriculture and construction equipment, aircraft and parts, auto parts, fertilizers and agro-chemicals, information technology equipment, medical and scientific equipment, and wood.

•Many agricultural commodities also benefit from the Agreement, as more than half of current U.S. farm exports to Colombia became duty-free immediately, and virtually all remaining tariffs will be eliminated within 15 years. Colombia immediately eliminated duties on wheat, barley, soybeans, soybean meal and flour, high-quality beef, bacon, almost all fruit and vegetable products, wheat, peanuts, whey, cotton, and the vast majority of processed products. The Agreement also provides duty free tariff rate quotas (TRQ) on standard beef, chicken leg quarters, dairy products, corn, sorghum, animal feeds, rice, and soybean oil.

Trade Barriers

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Despite the efforts mentioned above to consolidate and simplify its tariff rate schedule, Colombia's numerous economic integration agreements have fostered overlapping tariff applications. For example, a product may be subject to more than ten different duties depending on whether it comes from a member of the Andean Community, the Latin American Integration Agreement, or the Caribbean Community. Approximately 97 percent of the Colombian Harmonized Tariff Schedule (CHTS) products can be imported without an import license, but import tariffs and VAT still apply. Colombia's harmonized tariff schedule book lists all applicable import duties. U.S. exporters can obtain a copy of the CHTS at:

Lecomex Ltda.	Legis S.A.
Calle 98 # 11B-48	Ave. El Dorado # 81-10
Tel. (571) 610-9312 / 236-1367	Tel. (571) 425-5255 / 425-5200
Fax. (571) 610-7673	Fax. (571) 425-5317
Bogotá D.C., Colombia	Bogotá D.C., Colombia
www.lecomex.com	www.legis.com.co

An additional tool is the FTA tariff tool. You will need to know the first six digits of the Harmonized System code to search using this tool:
http://export.gov/fta/ftatarifftool/TariffSearch.aspx

Non-Tariff Barriers: Although the implementation of the Unified Portal for Foreign Trade (VUCE) has significantly streamlined the paperwork process for imports and exports, Colombia's bureaucracy still constitutes a barrier to trade for both local and foreign companies. Pilferage in customs warehouses and robberies of trucks persists, but cases have decreased dramatically. Colombian customs can detain shipments indefinitely because of improper tariff schedule classification, incorrect address, or typing errors. When mistakes are made by the exporter or importer, the goods may be refused entry into Colombia and be returned at considerable expense to the exporter or importer. Colombian customs statutes provide for significant fines and penalties for light infringement of procedures and errors in freight forwarding documents by customs agencies (*Agencias Aduaneras*). U.S. freight forwarders and intermediaries are subject to the same sanctions and penalties as Colombia's agents and brokers.

Non-Tariff Barriers to Agricultural Trade

Import licenses issued by the Ministry of Commerce, Industry and Tourism (MINCIT): Most agricultural product import licenses issued by the Ministry of Commerce are issued automatically and are "free". However, there are a number of agricultural products that need pre-approval before the Ministry of Commerce will issue an import permit. These pre-approvals are regulated by the Ministry of Agriculture and Rural Development through the issuance of a sanitary or phytosanitary certificate for imports. For example, if the Ministry of Agriculture determines that corn imports are not needed because they may negatively affect domestic prices, it could hypothetically refuse to issue a phytosanitary certificate and thus the Ministry of Commerce will not issue the import permit. In the case of food products imported for human consumption, it is the Ministry of Health and Social Protection that provides the pre-approval.

The Absorption Requirement: To ensure an ample supply of basic grains, the Ministry of Agriculture has created a quota system to allow for the import of a limited quantity of grains at zero duty. A condition to import under the quota is the importer must purchase a certain volume of local grain production under a specified absorption mechanism called the 'Mechanism for Assigning the Quota or MAC".

Under the MAC the Ministry of Agriculture conducts three or four auctions per year to assign the quota to interested buyers. Prior to the auction, the Ministry of Agriculture announces the "absorption" ratio of imports-to-local production. This ratio is calculated based upon expected local production and demand. For example, in 2009 the government allowed for the purchase of over 2.0 million tons of yellow corn at a ratio of 6 tons of imported corn for every one ton of local corn purchased. Feed millers, poultry producers and distributors submitted bids at the auction for the volume of imports desired knowing how much local corn they would need to buy. Before any imports could be made under the quota, the importer must show Customs that it purchased the required local production. This system sets a minimum price for local corn at the international price plus the out-of-quota-duty and freight. During periods of low domestic production farmers can distort market prices by requesting a premium knowing that importers need their product to be able to import. The out-of-quota duty is the greatest of either 5 percent or the Andean Price Band duty. The FTAFTAhas eliminated the price band system and quota auctions and the overall import process for U.S. grains is more transparent. The MAC would apply for grain imports out-of-quota under the FTAFTA.

Andean Price Bands: On April 1, 1995, Colombia implemented the common Andean Community price band (variable import duty system). It covers product classifications (rice, barley, yellow corn, white corn, soybeans, wheat, crude palm oil, crude soybean oil, white sugar, raw sugar, milk, chicken parts, and pork meat) and 150 additional select commodities that are considered substitutes and derivates. In theory, the system covers domestic producers and consumers from volatile world prices by raising import duties when import prices are low and lowering duties when prices are high.

Under the Andean Community price band system, the price band duty rate, or total applied duty rate, is calculated as the basic import duty rate plus the variable duty rate.

The Ministry of Commerce, Industry, and Tourism sets the basic duty rate each December for the following year. The variable duty rate is calculated as the percentage difference between the price band reference price and the floor or ceiling price making up the price band. The Andean Community, using a 60-month rolling average international price based on the period April 1 to March 31, calculates the floor and ceiling prices of the price band. The reference price is the average international price, which is updated every two weeks.

When the reference price falls below the floor price, the variable duty (or surcharge) is added to the basic import duty resulting in a higher applied duty rate. Conversely, when the reference price exceeds the ceiling price, the variable duty is subtracted from the basic duty rate making for a lower applied duty rate. Once the price band duty rate is calculated, the rate is applied to the reference price to obtain a per-ton duty value. That duty value is then applied to the volume of product imported.

The Andean Community price band system lacks transparency and can be manipulated to provide arbitrary levels of import protection. For example, adjustment factors for freight, insurance, and other unspecified costs are not transparent and provide latitude for manipulation of ceiling, floor, and reference prices. In many cases, it is impossible for an exporter to estimate the final import duty.

Often, the appropriate reference price is not used to assess the import duty. For instance, the ceiling and floor prices for chicken parts are based on U.S. whole broiler prices and the reference price is based on U.S. leg quarter prices. This method increases the likelihood that the reference price will fall below the floor price and the additional surcharge will be added to the import duty. For soft wheat, the floor and ceiling prices are based on hard red winter wheat, which tends to result in a higher import duty for soft wheat, since hard wheat is generally more expensive than soft wheat.

The U.S. government considers the application of this system to be inconsistent with Colombia's WTO obligations. Unfortunately, WTO binding import duties are often times higher than the applied price ban duty, making it difficult to argue against the price band system. The FTAFTA has eliminated the Andean Price Band system for the above-mentioned products and by-products and significantly reduces the bounded tariff level. There are tariff rate quotas for some sensitive commodities and a period of several years for a gradual reduction in import duties. See text of the FTA on the U.S. Trade Representative’s web site at www.ustr.gov.

Sanitary and Phytosanitary Measures: Colombia agreed in the FTAFTA negotiations to lift the BSE-related ban on U.S. beef from cattle of all ages, and some organs (livers, kidneys, and stomachs). In compliance with the FTAFTA commitments for U.S. beef, the GOC issued decree 3755 of October 27, 2006 establishing the sanitary conditions for imports of U.S. beef and beef products). Simultaneously, Decree 3752 of October 27, 2006, defines the bovine specific risk materials, such as brains, eyes, and the spinal cord. However, issues remain for bone-in beef products and import permits are not being issued contrary to aforementioned decrees.

The MOH regulatory authority, Colombian Institute for Surveillance of Food and Medicines (INVIMA) handles sanitary aspects related to processed food trade, including monitoring of domestic beef slaughtering and processing plants. INVIMA is also developing regulations regarding living modified organisms (LMOs) in food products and food ingredients. Non-processed products that are fresh or frozen do not need to be registered with INVIMA, but do need a sanitary permit from the MOA regulatory authority, Colombian Agricultural Institute (ICA). ICA is responsible for the issuance of sanitary import permits for animal products, vegetables, fruits, and grains.

Product Health Registration

All processed retail food items, including products imported in bulk for repackaging for retail use without further processing, must be registered and approved by INVIMA. According to Decree 3075 of 1997, product registration is NOT required for:

- Products that are not subject to any transformation, such as grains, fruits, fresh vegetable, honey, etc.
- Products of animal origin not subject to any transformation process.
- Products used as raw materials by the food industry or Hotel-Restaurant-Institutional (HRI) sector in food preparation.

After the submission of all required documentation, product registration by INVIMA takes about three working days. Most of the product registration process can be completed via the internet. After issuing the product registration, INVIMA analyzes the documents provided by the importer and may request additional information.

The INVIMA registration is valid for 10 years, but only for the applicant (exporter or importer) and the specified manufacturer. The INVIMA registration is valid only for the specifications (e.g., product description and size) mentioned in the registration. If another form or presentation of the same product is to be imported, the registering company needs to inform INVIMA in writing of the new product.

The INVIMA registration of processed foods requires: (1) completion of the registration form; (2) obtain a Certificate of Legal Representation; and, (3) obtain a Certificate of Free Sale stating that the products are approved for human consumption in the United States. This certificate needs to be issued by a U.S. government (state, local or federal) public health authority. Although not required, the INVIMA registration can be expedited if a description of the manufacturing process and a list of the ingredients is submitted, including any additives, preservatives, and colorings/dyes.

Importer Registration, Import Registration and Import Licensing

Every Colombian importer must be registered with the MOCIT. U.S. exporters seeking to sell to a Colombian firm should ascertain that the Colombian importer has obtained the legal authority to import agricultural products by completing the MOCIT registration process.

Minimal Descriptions

Products entering Colombia shall comply with the minimal descriptions mentioned in Resolution 25 of February 21, 2013, issued by the National Department of Taxes and Customs (DIAN). The information requested in the resolution can be accessed from the product HS code, and must be provided in Spanish. For certain products where translation is not applicable, the product must be registered in the original language. See Resolution 25 of 2013 at http://www.mincit.gov.co/documentos.php?id=326

Sanitary Permit

Products used as raw materials by the food industry or HRI sector in food preparation do not need an INVIMA registration, but they do need a sanitary permit from the ICA and comply with the labeling regulations. ICA is responsible for the issuance of import SPS permits for animal products, fresh vegetables and fruits, grains, pet food and agricultural inputs, including seeds. GM seeds for planting must be approved by the inter-ministerial National Technical Committee in which ICA is a member. The import permit details the zoosanitary and/or SPS requirements.

The request for the zoosanitary certificate issued by ICA must come with complete information to avoid delays and possible rejections. The ICA authorities specifically request: Port of Departure (e.g. Miami, USA), Destination (complete address and city in Colombia), and Trip (e.g. Miami to Barranquilla, if travel is direct, or Miami to Dominican Republic to Barranquilla).

The Colombian importer must first obtain the import permit from ICA before requesting an import license from the MOCIT. The importer should provide the exporter with the ICA import permit so the U.S. Department of Agriculture (USDA) can reference the permit with bilateral compliance agreements. The USDA then issues a sanitary export certificate referencing the requirements in ICA's import permit. No shipments should be loaded and transported without the submission of the sanitary permit. Whenever ICA issues new import health requirements, Colombia must notify the WTO and allow a period for comment. Once implemented, both USDA Food Safety Inspection Service (FSIS) and the Animal Plant Health Inspection Service (APHIS) place the Colombian sanitary requirements on their respective web pages.

For ICA approval, the product must:

1. Come from a USDA inspected facility that is registered with INVIMA, although ICA maintains the approved list. Also, non-dairy and meat establishments must be registered with ICA;

2. Be free of disease;

3. Be inspected by USDA prior to its shipment and include the USDA health export certificate; and,

4. Be inspected by an ICA veterinarian upon arrival in Colombia. Usually the shipment is inspected at the port by both INVIMA and ICA to verify the compliance with the import regulations and sanitary requirements.

Health Certificates

The health certificates must be issued by a competent authority involved in food safety regulation, including federal, state and, in some cases, municipal entities. The health certificate must state that the food products in the shipment are suitable for human consumption. Products referred to as “high risk” in Article 3, Decree 3075 of 1997 need to present the certificate of the following federal authorities: FSIS and/or FDA.

For those groups of foods and raw materials that are not considered “high risk”, INVIMA requires the following documentation/information to be included with the shipment: suitability of the product for human consumption; manufacturer’s name; name of the exporting country; product name; and batch identification. Such information can be obtained through the Certificate of Free Sale issued by the competent authority and supported with a manufacturer’s quality statement and/or analysis certificate that identifies the product names and batch or lot identification.

Export Establishment Registration

Colombia and the United States have an agreement that provides import eligibility of meat and poultry products with a packaging origin from any USDA federally inspected establishment. The GOC will only recognize those establishments that are listed in the USDA FSIS Meat and Poultry Inspection Directory. As well, beef products must also originate from establishments approved under the USDA Agricultural Marketing Service Export Verification Program (EV).

In order to register with INVIMA, exporting establishments must provide the following information:

- Country of Origin
- Establishment Name
- Establishment Number
- Address
- Products that will be exported to Colombia
- Email address

Additional Sanitary Registration Requirements: U.S. exporters should be aware that sanitary registration must also be obtained for pharmaceuticals, cosmetics, household insecticides and similar products. The registration with INVIMA must be obtained before exporting the products to Colombia and the procedure takes between three to six months. Colombia requires sanitary registration for both locally manufactured and imported products. For more information contact: INVIMA, Deputy Directorate for Licenses and Registry, Carrera 68D # 17-21, Bogotá DC, Colombia, Tel. (57-1) 294-8700, Fax (57-1) 294-8700 Ext. 3930, web page: http://www.invima.gov.co

Pre-Shipment Certification: In 1999, the Colombian Government eliminated requirements for the prior inspection and certification of imported food products at loading ports as part of an effort to ease import procedures. However, for rough/paddy rice, an ICA inspector is required to monitor the loading and treatment procedures at the U.S. port of embarkation.

Import Requirements and Documentation

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U.S. exporters must be aware that their importers in Colombia must follow the basic steps below to complete an import transaction into Colombia:

- When required, obtain import permits from pertinent government agencies. For example: Ministry of Social Protection (for medicines), Ministry of Agriculture (for certain food products), and Civil Aviation Department (for aircraft).

- Buy and fill out the Import Registration form. File the Import Registration form with Ministry of Commerce, Industry and Tourism. The form requires a complete product description and tariff classification.

- Obtain approval from Ministry of Commerce, Industry and Tourism for the Import Registration Form or Import License (in the few cases when this is required).

- Make arrangements with a financial entity to pay for the imported goods.

- Ask the exporter to ship goods to a Colombian port.

- Request the Cargo Manifest from the transportation firm.

- Make arrangements with a Customs Agency to receive the merchandise and get it out of customs. The following are the main steps to be followed:

- Fill out the Import Declaration ('*Declaración de Importación*'). When the import value is equal or more than US$ 1,000, Customs Agencies should do all the paperwork and get the shipment out of Customs.

- Fill out the "Andean Custom Value Declaration" (*Declaración Andina de Valor en Aduana*) when the import value is equal to or more than US$ 5,000 FOB.

- Go to an authorized financial entity and pay the import duties, VAT, surcharges, and other fees.

- Present all documents to customs.

- Customs inspects the merchandise, when they consider it necessary, and then authorizes withdrawal of goods.

The importer must keep import documents for a period of no less than five years.

Import Declaration: The importer must submit an import declaration to the DIAN. This declaration includes the same information contained on the import registration form and other information such as the duty and sales tax paid, and the bank where these payments were made. This declaration may be presented up to 15 days prior to the arrival of the merchandise to Colombia or up to two months after the shipment's arrival. Once the import declaration is presented and import duties are paid, customs will authorize the delivery of the merchandise.

Customs officials are responsible for inspecting merchandise to verify that the description and classification are consistent with the importer's declaration. A customs inspection group often performs after-clearance random investigations to detect fraud, foreign exchange irregularities, and tax evasion. Major customhouse brokers have a customs office in their own bonded warehouses where most clearance procedures are completed before the merchandise is delivered to the customers.

To carry out an export, the exporter must: 1) remit the pro-forma invoice, 2) obtain acceptance of conditions from the client (letter of credit, draft bill), 3) negotiate (through a local financial institution) the letter of credit/draft bill from the endorsing foreign bank, 4) present (to Ministry of Commerce, Industry and Tourism) a form known as “Registration as National (local) Producer, Export Offer and Determination of Origin”, 5) present the certificate of origin (when necessary) with copy of the commercial invoice, and other certificates required by the country of destination (textile visa, phytosanitary certificates, etc.), and 6) complete and present the export declaration form, also known as shipping authorization of final export declaration, with all attachments as required.

Products that require special documentation include: vegetables, plants, fruits, animals, gold, emeralds, oil, coal, nickel, platinum, textiles, products exported through the General System of Preferences (GSP), products exported through the ATPDEA, and products exported through any free trade agreement.

Most of Colombia’s foreign trade procedures have been streamlined through the VUCE (Unified Portal for Foreign Trade- www.vuce.gov.co), which gives users access to forms, online payments and follow-up on requests and processes related to an import or export operation.

U.S. Export Controls

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U.S. exporters should be aware that the U.S. Government may prohibit the export of certain products to Colombia or require an export license. The Department of Commerce’s Bureau of Industry and Security’s (BIS) Office of Export Enforcement licenses most controlled product and technology exports. Licenses are required for certain high technology items or technology transfers and items with dual use potential (commercial items which could have military applications). In recent years there have been increased restrictions on the export of precursor chemicals to Colombia, due to concerns they may be utilized by narcotics traffickers to produce drugs. For more information on U.S. export compliance and enforcement licensing issues contact BIS: Tel: (202) 482-1208, (800) 424-2980, or web site - http://www.bis.doc.gov . For information on the export of defense articles, weapons, and firearms contact the State Department’s Defense Trade Controls Directorate (DDTC), Tel: (202) 663-2700, Fax. (202) 261-8264, http://www.pmddtc.state.gov

Temporary Entry

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Non-fungible merchandise that can be thoroughly identified by marks, serial numbers, or other symbols can be temporarily brought into Colombia for specific purposes. The merchandise must be re-exported immediately after the pre-authorized period, without any alteration or modification, except for the normal deterioration caused by use.

There are two categories for temporary imports. The DIAN decides which of the two categories is to be applied to a specific case:

Short Term: Merchandise imports for a specific purpose during a period of time that should not exceed six months; one three-month extension can be requested and approval must be obtained before expiration of the initial authorization. Short-term imports are not subject to import duties, but a guarantee equivalent to 10 percent of the corresponding import duties must be presented to obtain approval.

Demonstration Equipment: The international carnet system for temporary imports of demonstration equipment (for promotional campaigns or trade shows) is not in effect in Colombia. Instead, DIAN requests that visitors bringing in equipment for demonstration purposes fill out a special form provided upon arrival at an international airport. The equipment may stay in the country up to 90 days. There is no deposit requirement.

Long-Term: Colombian Customs regulations also allow temporary imports of equipment for a period of up to five years. Under this regulation, the Government allows companies to import machinery and equipment as well as related accessories and spare parts if they are included in the same one-time-only shipment. This system is applied to equipment to be used in public works projects and other activities that are important for national economic and social development. Long-term temporary imports are also approved for machinery and equipment brought into the country under leasing contracts within a term of six months to five years.

Long-term customs declarations for temporary imports must include the U.S. dollar calculation of duties and taxes in accordance with the tariff schedule effective on the submission date. The total amount may be divided into equal quotas to be paid semi-annually, during the temporary import period. The importer may be required to guarantee an equivalent of 100 percent of the import duties. Import duties are non-refundable.

Labeling and Marking Requirements Return to top

Specific marks or labels are not required, except for food, pharmaceutical products, and textiles. Labels on processed food products must indicate: the specific name of the product, ingredients in order of amount, name and address of manufacturer and importer, country-of-origin, number of units, instructions for storage and usage (when required), expiration date, and other instructions as required by the Ministry of Social Protection or the Industry and Commerce Superintendent. Labels and illustrations cannot be inaccurate or misleading.

Labels on pharmaceutical products must indicate in Spanish: "for sale under medical, dental or veterinary prescription," with the generic name, commercial name, net weight or volume, weight or quantity of active ingredients, license number and the lot control number. Products having limited shelf life should include the date of expiration.

Insecticides and other toxic products should display the skull and crossbones, the word "poison" in Spanish, and information regarding usage and antidotes. Products for which there are no antidotes cannot be licensed and can only be used in programs under the direct control of public health authorities.

There are various inconsistencies regarding labeling in the alcoholic beverages and spirits industry that affect both nationals and foreigners, and relates to taxation associated to labeling and recipients. This is expected to be resolved in the near future by a final decree dealing with the different aspects of alcoholic beverage production, distribution, sales and trade.

Food Labeling Requirements: The Government of Colombia requires country-of-origin labeling for processed food products. However, it does not classify frozen vegetables as a processed food and, therefore, no country of origin labeling is required. Also, fresh fruit and vegetables do not require country of origin labeling.

The government issued Resolution 5109 on December 29, 2005 through the Ministry of the Social Protection, establishing labeling requirements for canned food and raw food products. Recently the government advised the WTO of upcoming regulations on packages and containers used in direct contact with food products.

Colombian labeling requirements for processed foods do not address the question of ingredient origin. Therefore, if an imported food item contains ingredients from more than one country, for example, U.S. and Canadian peas in the same frozen package, the label must only identify the processor's name and address and the country where the product was produced.

Product labeling information on imported processed products must be present at the point of retail sale. The responsibility for this labeling information rests with the importer, not the retailer. Many Colombian importers arrange for this information to be placed on the product by the exporting firm, before it enters Colombia.

Prohibited and Restricted Imports

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Imports of the following products have been specifically prohibited: dieldrin, aldrin, chlordane, endosulfan, heptachlor, lindane, and any preparations containing these products, gasoline that contains lead tetraethylene, and weapon-type toys.

An import license is required for 101 sub-classifications of the Colombian Tariff Schedule. No import licenses are being approved for the following: used vehicles and parts, used tires, used or irregular clothing, clothing closeouts, used bags and sacks, sacks of vegetable fibers, rags, and scrap cordage of textile material wastes. Only the Military Industry Institute (Colombia's government-owned arms and explosives manufacturer) may import weapons, explosives, and related raw materials.

Colombia prohibited the importation of live cattle from the United States following the detection of a Bovine Spongiform Encephalopathy (BSE) positive cow in the United States in 2003. In 2007, the World Organization for Animal Health (OIE) classified the United States as controlled risk for BSE. This prohibition still exists today and the USG and GOC continue negotiations to lift this ban.

Customs Regulations and Contact Information

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Colombian Tax and Customs Department: www.dian.gov.co

Standards

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Decree 2153 of 1992 defined the Colombian standards regime's legal framework. Decree 2153 modified the structure of the Superintendent of Industry and Commerce (SIC), and along with Decree 2269 of 1993, created the National Standardization, Certification, and Metrology System (SNNCM). The latter decree designated the Colombian Technical Standards Institute (ICONTEC) as the main standards development organization and SIC as the national accreditation organization.

Colombia further revised its standards regime following its accession to the World Trade Organization (Law 170 of 1994). Colombia joined the Group of Three (G-3) Trade Agreement between Colombia, Mexico, and Venezuela (Law 172 of 1994), and enacted Andean Community Decision 376 of 1995, which created the Andean Standardization, Accreditation, Assays, Certification, Technical Regulations, and Metrology System.

On February 3, 2010, per Decree 323 of 2010, the accreditation role was transferred from SIC to the Colombian National Accreditation Organization (ONAC), created by Decree 4738 of 2008, and therefore, eliminated the provisions of Decree 2269 of 1993 and Decree 2153 of 1992.

Standards Organizations Return to top

The Colombian Standards and Certification Institute (ICONTEC) is a private-sector organization created in 1963. The SIC has also accredited ICONTEC for product certification, quality assurance, and environmental systems certification.

ICONTEC's principal aim is to promote the development of technical standards, quality assurance, and product certification, and is Colombia's national standardization institute. They are members of the International Standards Organization (ISO) and the International Electro-Technical Commission (IEC). ICONTEC is a founding member of the Pan-American Technical Standards Commission (COPANT) and a member of the Pacific Area Standards Congress (PASC), the International Accreditation Forum (IAF), and IQNet, an international association of national quality assurance certification entities.

ICONTEC is also recognized by the American National Standards Institute (ANSI), the German Accreditation Association (TGA), the Chilean National Standardization Institute (INN), and the Peruvian standardization institute (INDECOPI). ICONTEC has offices in Chile, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Dominican Republic, and Peru.

ICONTEC's technical standards development committees cover a wide range of issues and topics on metrology, occupational health, air, soil and water quality, solid waste, bar codes, conformity assessment, geographic information, environmental assessments, food and vegetable standards, and construction products, among others. For a complete standards development committee list, please visit: www.icontec.org/bancomedios/comites_tecnicos/comites_tecnicos.pdf

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: www.nist.gov/notifyus/

Conformity Assessment

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On November 20, 2007, the Ministry of Foreign Trade and over 90 private entities including product certifiers, product inspectors, and accredited testing, calibration and assay laboratories, enacted the creation of Colombia's National Accreditation Organization (ONAC) as a public-private organization following the guidelines of the National Quality Policy and with the aim to allow international recognition of the country's conformity assessment certificates including laboratory testing, and calibration certificates in accordance with ISO/IEC 17011 standards.

Per Decrees 4738 and 3257 of 2008, ONAC accredits and supervises the certification entities, as well as testing and calibration laboratories, a task previously assigned to the SIC, through the Delegated Superintendent for Consumer Protection (SDPC).

Product Certification

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Manufacturers and importers of products regulated by official mandatory technical standards or technical regulations need to register themselves in SIC's Mandatory Registry prior to selling products in Colombia. Products can be tested in accredited laboratories to obtain the certificate of conformity and SIC accepts certificates issued by accredited certification entities, such as members of the International Accreditation Forum (IAF) multilateral agreement.

The Ministry of Commerce, Industry and Tourism eliminated the mandatory status for the majority of products previously covered. SIC is working with other government agencies to develop technical regulations for products that present threats to health, safety, environment, or national security. Under WTO commitments, the Colombian government must submit draft technical regulations for comment prior to the new regulation's entry into force.

Accreditation

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ONAC has a detailed list of accredited entities such as inspection entities, personnel and product certification, clinical laboratories, calibration and assay laboratories, available in: http://www.onac.org.co/modulos/contenido/default.asp?idmodulo=234

The National Institute of Surveillance of Food and Medicines (INVIMA) oversees the National Sanitary Surveillance System and is the responsible organization regarding the accreditation of sanitary, biological products, medicines, food, beverage, cosmetics, and medical devices and products related to human health requirements. For more information, please review: www.invima.gov.co

Publication of Technical Regulations Return to top

MinCIT (Regulations Directorate) is the WTO point of contact for TBT draft technical regulations, and upcoming Colombian notifications on TBT and SPS regulations. This group verifies compliance (and coordinates) with the WTO TBT Agreement, the SPS Agreement, and compliance with conformity assessment procedures and maintains an information system concerning national or foreign technical regulations, among other related matters.

Labeling and Marking Return to top

Specific marks or labels are not required for products, except for food, pharmaceutical, and textiles products. Labels on processed food products must indicate: the specific name of the product, ingredients in order of predominance, name and address of manufacturer and importer, number of units, instructions for storage and usage (when required), expiration date, and other instructions as required by the Ministry of Social Protection or the Industry and Commerce Superintendent. Labels and illustrations cannot be inaccurate or misleading.
Labels on pharmaceutical products must indicate in Spanish: "for sale under medical, dental, or veterinary prescription," with the generic name, commercial name, net weight or volume, weight or quantity of active ingredients, license number, and the lot control number. For those products having limited shelf life, labels should include the date of expiration. Insecticides and other toxic products should display the skull and crossbones, the word "poison" in Spanish, and information regarding usage and antidotes. Products for which there are no antidotes cannot be licensed and can only be used in programs under the direct control of public health authorities.

The SIC oversees compliance with labeling and marking requirements of all products (imported or produced locally), including displaying the unit of measure using the international system of measurements. ICONTEC has developed several Colombian technical standards on labeling and marking requirements for different products.

The National Metrology Institute (INM), created by Decree 4175 of November 2011, provides calibration of metrology systems, provides technical training and coordinates activities with the International Legal Metrology Organization (OIML). The INM took the metrology responsibilities from SIC, and controls the national standard for the main physical properties (weight, volume, temperature, etc.) that serves as reference to the Colombian industry.

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The following contacts can assist companies with their inquiries and research on standards in Colombia:

Ministry ofCommerce, Industry and Tourism (MinCIT)
Mr. Daniel Rico, Point of Contact for Technical Barriers to Trade, Sanitary and Phytosanitary
Measures (WTO/SPS)
Calle 28 # 13A-15
Bogotá DC, Colombia
Tel. (571) 606-76-76 x 1690

Fax: (571) 241-04-80 or 241-04-93
www.mincit.gov.co
puntocontacto@mincomercio.gov.co

ICONTEC
Ms. María Zulema Vélez, Executive Director
Carrera 37 # 52-95
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Tel. (571) 607-88-88
Fax. (571) 222-14-35
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Colombian National Accreditation Organization (ONAC)
Mr. Francisco Piedrahita, Executive Director
Mr. Gerardo Martínez, Technical Director
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Fax. (571) 245-51-12
Francisco.Piedrahita@onac.org.co
www.onac.org.co

National Metrology Institute (INM)
Hernán Alzate, Director
Avenida Carrera 50 # 26-55, Interior 2
Bogotá DC, Colombia
Tel. (571) 254-22-22
www.inm.gov.co

Superintendent of Industry and Commerce (SIC)
Mr. Alejandro Giraldo, Delegate for Control and Verification of Technical Regulations and Legal Metrology
Carrera 13 # 27-00, Piso 10
Bogotá DC, Colombia
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Since 1969, Colombia has been a member of the Andean Community, which constitutes a free trade agreement with Bolivia, Ecuador, and Peru. Venezuela left the Andean Community in April 2011. A new framework to facilitate limited commercial relations was negotiated in 2011 and entered into force in October 2012. The Andean Community reached a free trade agreement with Mercosur countries (Brazil, Argentina, Paraguay and Uruguay) in 2005.

President Santos' Administration has energetically pursued measures to liberalize trade. The United States Colombia Trade Promotion Agreement (FTA) entered into force on May 15, 2012. For additional information and the final texts of the FTAFTA agreement please visit: http://www.ustr.gov/uscolombiatpa.

Apart from the FTAFTA, Colombia has various free-trade agreements with individual countries or associations, which include the Central American Northern Triangle (El Salvador, Guatemala, and Honduras), Canada, Mexico, Chile, the European Free Trade Association (EFTA) countries (Switzerland, Norway, Iceland and Liechtenstein), and the European Union. Colombia signed an FTA with South Korea in February 2013 with Costa Rica in May 2013, with Panama in June 2013, and with Israel in September 2013. Colombia is currently negotiating trade agreements with Turkey and Japan.

In addition, to stimulate trade and investment, Colombia has Bilateral Investment Treaties (BITs) with Switzerland, Peru and Spain; Colombia has included investment protection chapters in FTAs with Chile, México, Canada, EFTA countries, El Salvador, Honduras, Guatemala, and the United States. Additional BITs have been negotiated with China, India, and the United Kingdom.

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USTR:
http://www.ustr.gov/Trade_Agreements/Bilateral/Colombia_FTA/Section_Index.html
Ministry of Foreign Trade: www.mincomercio.gov.co
SIC: www.sic.gov.co
DIAN: www.dian.gov.co
Corporation Center for Technological Research and Development (CIDET):
http://www.cidet.com.co/
ICONTEC: www.icontec.org.co
INVIMA – equivalent to the U.S. Food and Drug Administration (FDA):
www.invima.gov.co
Ministry of Social Protection (formerly Ministry of Health):
www.minproteccionsocial.gov.co
Ministry of Communications: www.mincomunicaciones.gov.co
ICA: www.ica.gov.co
Colombia International Corporation: http://www.cci.org.co
Proexport Colombia: www.proexport.com.co

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Chapter 6: Investment Climate

With increased security, a market of 47 million people, an abundance of natural resources, and an educated and growing middle-class, the Colombian government has opened the country up to global trade and investment. Colombia in 2013 had the fourth largest GDP in Latin America after Brazil, Mexico, and Argentina, and has sustained an average growth rate over four percent for the past decade. The World Bank's 2014 "Doing Business Report" ranked Colombia 43 out of 189 for ease of doing business and recognized Colombia for best practices in protecting investors, paying taxes, and improving trade across borders. However, the survey also noted Colombia's high transportation costs and deficiencies in enforcing contracts.

Colombia's legal and regulatory systems are generally transparent and consistent with international norms. Colombia has a comprehensive legal framework for business and foreign direct investment (FDI), and the U.S.-Colombia Trade Promotion Agreement (FTA) that took effect on May 15, 2012, has strengthened trade and investment between our countries. Through the FTA and several international conventions and treaties, Colombia's dispute settlement mechanisms and intellectual property rights protection are stronger than ever. Nevertheless, pirated and falsified products continue to be a major problem, which dictates that Colombia remains on the U.S. Trade Representative's Special 301 "Watch List."

The Colombian government has demonstrated great political will to develop efficient capital markets, attract investment, and create jobs. Sound fiscal and macroeconomic management has allowed Colombia to claim the triple crown of seeing its credit ratings increased to 'Investment Grade' level by Standard and Poor's, Moody's, and Fitch Ratings. Market capitalization as of December 2013 was US$215 billion. Although restrictions to foreign ownership in specific sectors still exist, Colombia received a record US$16.8 billion in FDI in 2013. Colombia has aggressively pursued foreign investment in key sectors, such as infrastructure. For the first time in many years, Colombia's average annual unemployment rate was under ten percent in 2013. Forty-nine percent of the workforce still works in the informal economy, but Colombia has abundant unskilled and semi-skilled labor throughout the country as well as managerial-level employees who are often bilingual.

Security in Colombia has improved significantly in the past 15 years, with the number of kidnappings down by 86 percent since 2003, and the number of homicides falling by 35 percent in the same period. Since November 2012, the Colombian government and the Revolutionary Armed Forces of Colombia (FARC) have been conducting peace negotiations in Havana, Cuba. Even so, an active domestic insurgency is still ongoing, posing a threat to commercial activity and investment, especially in rural zones where government control is weaker. Corruption is also a significant challenge in Colombia. According to the World Economic Forum's Global Competitiveness Index (2013-2014), corruption is the biggest problem for doing business in Colombia. The Colombian government continues to work on improving its business climate. The three largest majority state-owned enterprises, Ecopetrol, ISA, and ISAGEN, are considered models of professional management, competition, and excellent corporate governance. Through its numerous investment treaties, free trade agreements, and progress towards accession into the Organization for Economic Cooperation and Development, Colombia has shown it is eager to increase international trade and investment.

Openness to Foreign Investment Return to top

Attitude Toward FDI

The Colombian government actively encourages foreign direct investment (FDI). In the early 1990s, the country began economic liberalization reforms, which provided for national treatment of foreign investors, lifted controls on remittance of profits and capital, and allowed foreign investment in most sectors. Generally, foreign investors may participate in privatization of state-owned enterprises without restrictions. Colombia imposes the same investment restrictions on foreign investors that it does on national investors. All FDI involving the establishment of a commercial presence in Colombia requires registration with the Superintendency of Corporations ('Super Sociedades') and the local chamber of commerce. All conditions being equal during tender processes, national offers are preferred over foreign ones. Assuming equal conditions among foreign bidders, those with major Colombian national workforce resources, significant national capital, and /or better conditions to facilitate technology transfers are preferred.

Other Investment Policy Reviews

The Organization for Economic Cooperation and Development (OECD) reviewed Colombia's investment policy in April 2012 (http://www.oecd.org/countries/colombia/colombia-investmentpolicyreview-oecd.htm) in anticipation of making Colombia an offer to start the OECD accession process. The OECD found that Colombia made significant progress in promoting investment liberalization and improving its investment climate through important policy reforms. The World Trade Organization (WTO) conducted a fourth trade policy review of Colombia in June 2012 (http://www.wto.org/english/tratop_e/tpr_e/tp365_e.htm), its first in six years. It found that Colombia continued its trade policy of increased openness and emphasized greater integration with Latin America, the Caribbean, and the rest of the world by negotiating preferential agreements to increase external trade and foreign investment flows. Colombia scored 75 percent out of a hundred, or a "C," for investor protection according to the World Bank's 2014 Doing Business Report.

TABLE 1:

Measure	**Year**	**Rank or value**	**Website Address**
Transparency International Corruption Perceptions Index	2013	94 of 177	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom Index	2013	34 of 178	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	43 of 189	http//doingbusiness.org/rankings
Global Innovation Index	2013	60 of 142	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	$7,020	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Laws/Regulations of FDI

Colombia has a comprehensive legal framework for business and FDI. Colombia's judicial system defines the legal rights of commercial entities, reviews regulatory enforcement procedures, and adjudicates contract disputes in the business community. The judicial framework includes the Superintendency of Industry and Commerce, the Council of State, the Constitutional Court, the Supreme Court of Justice, and the various departmental and district courts, which are also overseen for administrative matters by the Superior Judicial Council. The 1991 Constitution provided the judiciary with greater administrative and financial independence from the executive branch. However, except for the Superintendency of Industry and Commerce's efficient exercise of judicial functions, the judicial system in general remains hampered by time-consuming bureaucratic requirements and corruption. Colombia's foreign direct investment legal framework also incorporates binding norms resulting from its membership in the Andean Community of Nations as well as other free trade agreements and bilateral investment treaties.

The U.S.-Colombia Trade Promotion Agreement (CTPA) entered into force on May 15, 2012. The CTPA improves legal security and the investment environment while eliminating tariffs and other barriers in goods and services traded between the United States and Colombia. The agreement grants investors the right to establish, acquire, and operate investments on an equal footing with local investors as well as investors of other countries with bilateral investment treaties or investment chapters in free trade agreements with Colombia. It also provides U.S. investors in Colombia protections that foreign investors have under the U.S. legal system, including due process and the right to receive fair market value for property in the event of an expropriation.

Limits on Foreign Control

Foreign investment in the financial, hydrocarbon, and mining sectors is subject to special regimes, such as investment registration and concession agreements with the Colombian government, but are not restricted in the amount of foreign capital permitted. The following sectors require that foreign investors have a legal local representative and/or commercial presence in Colombia: travel and tourism agency services; money order operator; customs brokerage; postal and courier services; merchandise warehousing; merchandise transportation under customs control; international cargo agents; public service companies including sewage and water works, waste disposal, electricity, gas and fuel distribution, and public telephone service; insurance firms; legal services; and special air services including aerial fire-fighting, sightseeing, and surveying.

Foreign investors face specific exceptions and restrictions in the following sectors:

Media: Only Colombian nationals or legally constituted entities may provide radio or subscription-based television services. For National Open Television and Nationwide Private Television Operators, only Colombian nationals or legal entities may be granted concessions to provide television services. Colombia's national, regional, and municipal open-television channels must be provided at no extra cost to subscribers. Foreign investment in national television is limited to a maximum of 40 percent ownership of the relevant operator. Satellite television service providers are only obliged to include within their basic programming the broadcast of government-designated public interest channels. Newspapers published in Colombia covering domestic politics must be directed and managed by Colombian nationals.

Accounting, Auditing, and Data Processing: In order to practice in Colombia, providers of accounting services must register with the Central Accountants Board; have uninterrupted domicile in Colombia for at least three years prior to registry; and provide proof of accounting experience in Colombia of at least one year. No restrictions apply to services offered by consulting firms or individuals. A legal commercial presence is required to provide data processing and information services in Colombia.

Banking: Foreign investors may own 100 percent of financial institutions in Colombia, but are required to obtain approval from the Financial Superintendent before making a direct investment of ten percent or more in any one entity. Portfolio investments used to acquire more than five percent of an entity also require authorization. Foreign banks must establish a local commercial presence and comply with the same capital and other requirements as local financial institutions. Foreign banks may establish a subsidiary or office in Colombia, but not a branch. Every investment of foreign capital in portfolios must be through a Colombian administrator company, including brokerage firms, trust companies, and investment management companies. All foreign investments must be registered with the Central Bank.

Fishing: A foreign vessel may engage in fishing and related activities in Colombian territorial waters only through association with a Colombian company holding a valid fishing permit. If a ship's flag corresponds to a country with which Colombia has a complementary bilateral agreement, this agreement shall determine whether the association requirement applies. The costs of fishing permits are greater for foreign flag vessels.

Private Security and Surveillance Companies: Companies constituted with foreign capital prior to February 11, 1994, cannot increase the share of foreign capital. Those constituted after that date can only have Colombian nationals as shareholders.

Telecommunications: Barriers to entry in telecommunications services include high license fees ($150 million for a long distance license), commercial presence requirements, and economic needs tests. While Colombia allows 100 percent foreign ownership of telecommunication providers, in WTO negotiations it specifically prohibited "callback" services.

Transportation: Foreign companies can only provide multimodal freight services within or from Colombian territory if they have a domiciled agent or representative legally responsible for its activities in Colombia. International cabotage companies can provide cabotage services (i.e. between two points within Colombia) "only when there is no national capacity to provide the service" according to Colombian law. Colombia prohibits foreign ownership of commercial ships licensed in Colombia and restricts foreign ownership in national airlines or shipping companies to 40 percent. FDI in maritime is limited to 30 percent. The owners of a concession providing port services must be legally constituted in Colombia and only Colombian ships may provide port services within Colombian maritime jurisdiction; however, vessels with foreign flags may provide those services if there are no Colombian-flag vessels capable of doing so.

Privatization Program

Colombia has privatized state-owned enterprises under article 60 of the Constitution and Law No. 226 of 1995. This Law stipulates that the sale of government holdings in an enterprise should be offered to two groups: first to cooperatives and workers associations of the enterprise, then to the general public. During the first phase, special terms and credits have to be granted, and in the second phase, foreign investors may participate along with the general public. Colombia's main privatizations have been in the electricity, mining, hydrocarbons, and financial sectors. The government has attached a high priority to stimulating private sector investment in roads, ports, electricity, and gas infrastructure concessions. The government is increasingly utilizing public-private partnerships (PPPs) as the favored option for infrastructure development.

The Colombian government is engaged in its fourth generation infrastructure program focused on highway construction with PPP opportunities valued at more than $24 billion. In order to attract investment and promote PPPs, on November 22, 2013, the Colombian government signed a new infrastructure law clarifying provisions for frequently cited obstacles to participate in PPPs including environmental licensing, land acquisition, and the displacement of public utilities. The new law puts in place a civil procedure that facilitates land expropriation during court cases, allows for expedited environmental licensing, and clarifies that the cost to move or replace public utilities affected by infrastructure projects falls to private companies.

Municipal enterprises operate many public utilities and infrastructure services. These municipal enterprises have engaged private sector investment through concessions. There are several successful concessions involving roads. During 2014, the Colombian government expects to sell one of its majority state-owned power generation companies, ISAGEN, for approximately $2.5 billion. The proceeds from this sale will be used to fund part of the fourth generation infrastructure program. These kinds of partnerships have helped promote reforms and create an attractive environment for private national and foreign investment.

Investment Trends

Since 2010, the Santos administration has continued efforts to open up the economy. Liberalization has progressed furthest in telecommunications, accounting/auditing, energy, mining, and tourism, and to a lesser extent in legal services, insurance, distribution services, advertising, and data processing. Colombia received a record $16.8 billion in FDI in 2013, an increase of seven percent compared to 2012. It ranked as the fourth FDI destination in Latin America after Brazil, Mexico, and Chile.

Colombia's exports promotion agency, Proexport, has an official website to promote investment in Colombia (http://www.investincolombia.com.co/). It gathers investment climate information by sector and region and offers free services to new and established investors such as tailored information requests, public and private sector contacts, and suggestions for in-country visits/agendas. Proexport's investment booklet provides detailed information about the business environment, including the labor market, legal considerations, exchange rate regime, free trade zones, environmental licensing, and private equity fund opportunities (http://www.investincolombia.com.co/publications.html).

Conversion and Transfer Policies

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Foreign Exchange and Remittance Policies

No restrictions apply to transferring funds associated with FDI. However, foreign investment into Colombia must be registered with the Central Bank to secure the right to repatriate capital and profits. Except for special exceptions, direct and portfolio investments are considered registered when the exchange declaration for operations channeled through the official exchange market is presented. Colombia does not manipulate its currency to gain competitive advantages.

If investments are registered, repatriation is permitted without any limits. The government permits full remittance of all net profits regardless of the type or amount of investment. Foreign investments must be channeled through the foreign exchange market and registered within one year with the Central Bank's foreign exchange office to be able to repatriate or reinvest the proceeds. There are no restrictions on the repatriation of revenues generated from the sale or closure of a business, reduction of investment, or transfer of a portfolio. Colombian law authorizes the government to restrict remittances in the event that international reserves fall below three months' worth of imports, and reserves have been well above that level for decades.

Expropriation and Compensation

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Article 58 of the Constitution governs indemnifications and expropriations and guarantees owners' rights for legally-acquired property. For assets taken by eminent domain, Colombian law provides a right of appeal both on the basis of the decision itself and on the level of compensation. The Constitution does not specify how to proceed in compensation cases, which remains a concern for foreign investors. The Colombian government has sought to resolve such concerns through the negotiation of bilateral investment treaties and strong investment chapters in free trade agreements, such as the FTA.

Dispute Settlement

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Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The judicial system generally operates without government interference. It is procedurally and substantively fair and reliable, though competency can vary depending on the basic substantive knowledge of judges. In 2012, Law 1564 gave the Superintendency of Industry and Commerce, National Copyrights Directorate, and Colombian Agriculture Institute authority to judge civil commercial cases about intellectual property rights (IPR).

Bankruptcy

Colombia's 1991 Constitution grants the Colombian government the authority to intervene directly in financial or economic affairs, and this authority provided solutions similar to U.S. Chapter 11 filings for companies facing liquidation or bankruptcy. Colombia's bankruptcy regulations have two major objectives: to regulate proceedings to ensure creditors' protection and monitor the efficient recovery and preservation of still-viable companies. This was revised in 2006 to allow creditors to request judicial liquidation, which replaces the previous forced auctioning option. Now, inventories are valued, creditors' rights are taken into account, and either a direct sale takes place within two months or all assets are assigned to creditors based on their share of the company's liabilities. The insolvency regime for companies was again revised in 2010 to make proceedings more agile and flexible and allow debtors to enter into a long-term payment agreement with creditors, giving the company a chance to recover and continue operating. Bankruptcy is not criminalized in Colombia.

Restructuring proceedings aim to protect the debtors from bankruptcy. Once reorganization has begun, creditors cannot use collection proceedings to collect on debts owed prior to the beginning of the reorganization proceedings. All existing creditors at the moment of the reorganization are recognized during the proceedings if they present their credit. Foreign creditors, equity shareholders including foreign equity shareholders, and holders of other financial contracts, including foreign contract holders, are recognized during the proceeding. Established creditors are guaranteed a vote in the final decision.

Investment Disputes

There is one pending investment dispute currently in litigation since 1999 involving a U.S. fast food company. The company purchased land to build a restaurant, and after the restaurant was in operation the Colombian courts seized the land. The government seized the property during an investigation of the prior landholder for drug trafficking and money laundering under the assumption that it was acquired using drug money.

International Arbitration, ICSID Convention, and New York Convention
Foreign judgments are recognized and enforced in Colombia through an application submitted to the Civil Chamber of the Supreme Court. The arbitration process in Colombia was improved in 2012 when new legislation based on the UNCITRAL Model Law was adopted. The new statute stipulates that awards be governed by not only the new law but also international conventions (New York Convention, Panama Convention, etc.), which has made the process easier for the parties involved. Arbitration in Colombia is completely independent from judiciary proceedings, and once arbitration has begun, the only competent authority is the arbitration tribunal itself. The CTPA protects U.S. investments by requiring a transparent and binding international arbitration mechanism and allowing investor-state arbitration for breaches of investment agreements if certain parameters are met.

The law permits contracting parties to agree to submit disputes to international arbitration, provided that the parties are domiciled in different countries, the place of arbitration agreed to by the parties is a country other than the one where they are domiciled, the subject matter of the arbitration involves the interests of more than one country, and the dispute has a direct impact on international trade. The law lets parties set their own arbitration terms including location, procedures, and the nationality of rules and arbiters. International arbitration is not allowed for the settlement of investor-state disputes arising from legal stability contracts, even for foreign investors. Foreign investors have found the arbitration process in Colombia complex and dilatory, especially with regard to enforcing awards. In October 2012, the new National and International Arbitration Statute, modeled after the United Nations Commission on International Trade Law, took effect. Colombia is a member of the New York Convention on Investment Disputes, the International Center for the Settlement of Investment Disputes, and the Multilateral Investment Guarantee Agency.

Duration of Dispute Resolution

Domestic commercial litigation takes on average 885 days from the pretrial stage until the final hearing and judgment. Traditionally, most court proceedings are carried out in writing and only the evidence-gathering stage is carried out through hearings, including witness depositions, site inspections, and cross-examinations. The Colombian government has accelerated proceedings and reduced the backlog of court cases by allowing more verbal public hearings and creating alternative court mechanisms. The new Code of General Procedure that will enter in force in June 2014 also establishes an oral proceeding which is carried out in two hearings, and there are now penalties for not ruling in the time limit set by the law. Enforcement of an arbitral award can take up to two years.

Performance Requirements and Incentives

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According to the Constitution and foreign investment regulations, foreign investment in Colombia receives the same treatment as an investment made by Colombian nationals. Any investment made by a person that does not qualify as a resident of Colombia for foreign exchange purposes will qualify as foreign investment. Foreign investment is permitted in all sectors, except in activities related to defense, national security, and toxic waste handling and disposal. There are no performance requirements explicitly applicable to the entry and establishment of foreign investment in Colombia. However, there are export incentives relating to the operation of free trade zones.

WTO/TRIMS

There are no active measures inconsistent with WTO's Trade Related Investment Measures (TRIMs) requirements. The latest notification under Article 5.1 of the TRIMs agreement was resolved in 2004 through Decree 1473 which eliminated import control mechanisms for certain agricultural products.

Investment Incentives

The Colombian government offers investment incentives such as income tax exemptions and deductions in specific priority sectors. During the last decade it has committed to providing more incentives and stability for investors. Investment incentives through free trade agreements between Colombia and other nations include national treatment and most favored nation treatment of investors; establishment of liability standards assumed by countries regarding the other nation's investors including the minimum standard of treatment and establishment of rules for investor compensation because of expropriation; establishment of rules for transfer of capital relating to investment; and specific tax treatment.

The government offers tax incentives to all investors, such as preferential import tariffs, tax exemptions, and credit or risk capital. Some fiscal incentives are available for investments that generate new employment or production in areas impacted by natural disasters, and companies can apply for these directly with participating agencies. Tax and fiscal incentives are often based on regional considerations. Border areas have special protections due to currency fluctuations in neighboring countries, which can harm local economies. National and local governments also offer special incentives, like tax holidays, to attract specific industries.

One of Colombia's most important tax incentives for any investor is the 30 percent deduction of the value of productive fixed-asset investment when paying income tax. This deduction is in addition to regular depreciation. It applies to any investment in tangible goods incorporated as part of a company's fixed assets that are depreciable and part of the company's income-producing activity.

Special tax exemptions have existed since 2003 and range between ten to thirty years. Income tax exemptions in tourism cover new hotels constructed between 2003 and December 31, 2017, and remodeled and/or expanded hotels until December 31, 2017, for a period of 30 years, and for ecotourism services through 2023. New forestry plantations and sawmills also benefit from income tax exemptions since 2003. Late yield crops planted through December 31, 2014, are tax exempt for ten years from the beginning of the harvesting. Electricity from wind power, biomass, and agricultural waste are tax exempt until January 1, 2018, as are river based transportation services provided with certain shallow draft vessels and barges. Certain printing and publishing companies can benefit from tax exemptions until December 31, 2033.

Research and Development (R&D)

Foreign investors can participate without discrimination in government-subsidized research programs. In fact, most Colombian government research has been conducted with foreign institutions. R&D incentives include Value-Added Tax exemptions for imported equipment or materials used in scientific, technology, or innovation projects, and qualified investments may receive tax credits up to 175 percent. A 2012 reform of Colombia's royalty system allocates ten percent of the government's revenue towards science, technology, and innovation proposals executed by subnational governments. Although only subnational governments can submit a project, anyone, including foreigners, can partner with them. Colombia's government R&D funding increased 40 percent to $840 million from 2012 to 2014.

Performance Requirements

There are no performance requirements imposed on foreigners as a condition for establishing, maintaining or expanding investments. The Colombian government does not have performance requirements, impose local employment requirements, or require excessively difficult visa, residence, and work permit requirements for investors. Under the FTA, Colombia grants substantial market access across its entire services sector.

Right to Private Ownership and Establishment

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The 1991 Constitution explicitly protects individual rights against state actions and upholds the right to private property.

Protection of Property Rights

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Colombia has effective means for enforcing property and contractual rights through judicial proceedings.

Real Property

Secured interests in real property, and to a lesser degree movable property, are recognized and generally enforced after the property is properly registered. In terms of protecting third party purchasers, such as in the case cited under investment disputes, existing law is inadequate. The concept of a mortgage, trust deed, and other types of liens exists, as well as a reliable system of recording such secured interests. Deeds, however, have some legal risk due to the prevalence of transactions that have never been registered with the Public Instruments Registry. About 48 percent of rural land in Colombia, or about 1.7 million plots, does not have a clear title. The Colombian government is working to title these plots and has started a pilot formalization program for land restitution. Colombia scored 83 percent out of a hundred, or a "B," for the ease of registering property according to the World Bank's 2014 Doing Business Report.

Intellectual Property Rights

In Colombia, the grant, registration, and administration of intellectual property rights are carried out by four different government entities. The Superintendency of Industry and Commerce acts as the Colombian patent and trademark office. The Colombian Agricultural Institute is in charge of issuing plant variety protections and data protections for agricultural products. The Ministry of Interior administers copyrights through the National Copyright Directorate. The Ministry of Health and Social Protection handles data protection for products registered through the National Food and Drug Institute. Each of these entities experiences significant financial and technical resource constraints. Colombia is subject to Andean Community Decision 486 on trade secret protection, which is fully implemented domestically by the Unfair Competition Law of 1996.

The patent regime in Colombia currently provides for a 20-year protection period for patents, a 10-year term for industrial designs, and 20 or 15-year protection for new plant varieties, depending on the species. However, U.S. companies have expressed concern that the Colombian government does not provide patent protection for new uses of previously known or patented products. The U.S. Patent and Trademark Office partnered with the Superintendency of Industry and Commerce to establish a Patent Prosecution Highway (PPH) pilot program. The PPH allows for the mutual recognition of patent examination procedures making the patent granting process faster. The pilot program originally ended in August 2013, but was extended indefinitely due to its success.

Colombia has been on the U.S. Trade Representative's Special 301 "Watch List" every year since 1991 and is also listed in the notorious markets report. Both reports can be found at http://www.ustr.gov/about-us/press-office/reports-and-publications/2014. The FTA improved standards for the protection and enforcement of a broad range of intellectual property rights. Such improvements include state-of-the-art protections for digital products such as software, music, text, and videos; stronger protection for U.S. patents, trademarks and test data; and prevention of piracy and counterfeiting by criminalizing end-use piracy. Colombia is a member of the Inter-American Convention for Trademark and Commercial Protection. Various procedures associated with industrial property, patent, and trademark registration are available at http://www.sic.gov.co/es/web/guest/propiedad-industrial. In August 2012, Colombia joined the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol). The Colombian government joined the World Intellectual Property Organization (WIPO) Trademark Law Treaty on January 13, 2012, which entered into force on April 12, 2013. WIPO's 1996 Copyright Treaty has been in force since March 6, 2002, and the Performances and Phonograms Treaty since May 20, 2002. Colombia is not a member of the Patent Law Treaty.

On January 23, 2013, the Constitutional Court declared that Law 1520 of 2012, which was to implement several FTA-related commitments including copyrights, TV programming quotas, and IPR enforcement measures, was unconstitutional on procedural grounds. In response, the Santos administration presented separate bills to Congress. Although the copyrights law was reintroduced, it was struck down because it was not debated by Congress before the end of the legislative period and will need to be reintroduced in 2014. A draft copyrights bill is circulating now, including with the U.S. Trade Representative, for comment prior to resubmission to Congress. The TV programming quotas bill was approved in three of four required debates and must be voted on in a final debate scheduled this year. The IPR enforcement bill was approved in July 2013; however, it does not yet include criminal penalties and a specified list of damages for copyright infringement and trademark counterfeiting – crucial parts of the commitment. The FTA deadlines for these two portions of the IPR enforcement bills were May 15 and November 15, 2013, respectively.

While Colombia has taken steps to increase penalties to better protect intellectual property rights, pirated and falsified products are a major problem and are distributed through hundreds of stalls in flea markets. In 2006, amendments to the criminal code increased the maximum prison term for copyright infringement from five to eight years, with a corresponding rise in the minimum term from two to four years. The code also contains provisions on the violation of technological protection measures and rights management, both key obligations of the WIPO Treaties. Unfortunately, these violations are only punishable by fines. Although Colombia has one of the lowest software piracy rates in Latin America, piracy of both business and entertainment software continues to cause commercial harm to legitimate industry. Even with an improved penal code, law enforcement raids have not created a deterrent effect.

Embassy point of contact:
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Bogota, Colombia
(571) 275-2000
BogotaECONShared@state.gov

Country/Economy resources:
American Chamber of Commerce in Colombia: http://www.amchamcolombia.com.co/
Council of American Companies in Colombia: http://www.ceacolombia.com/es/

Local attorneys list: http://bogota.usembassy.gov/attorneys.html

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Transparency of Regulatory System Return to top

The Colombian legal and regulatory systems are generally transparent and consistent with international norms. The commercial code and other laws cover broad areas including banking and credit, bankruptcy/reorganization, business establishment/conduct, commercial contracts, credit, corporate organization, fiduciary obligations, insurance, industrial property, and real property law. The civil code contains provisions relating to contracts, mortgages, liens, notary functions, and registries. There are no identified private sector associations or nongovernmental organizations leading informal regulatory processes. The ministries generally consult with relevant actors, both foreign and national, when drafting regulations and proposed laws are typically published as drafts for public comment.

Enforcement mechanisms exist, but historically the judicial system has not taken an active role in adjudicating commercial cases. The 1991 Constitution provided the judiciary with greater administrative and financial independence from the executive branch. Colombia has completed its transition to an oral accusatory system to make criminal investigations and trials more efficient. The new system separates the investigative functions assigned to the Office of the Attorney General from trial functions. Lack of coordination among government entities as well as insufficient resources complicate timely resolution of cases.

Efficient Capital Markets and Portfolio Investment

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Market capitalization has risen from $14 billion in 2003 to $215 billion as of December 2013. Sound fiscal and macroeconomic management allowed Colombia to claim the triple crown of seeing its credit ratings increased to 'Investment Grade' level by Standard and Poor's, Moody's, and Fitch Ratings. Foreign investors are allowed to participate in capital markets by negotiating and acquiring shares, bonds, and other securities listed by the Foreign Investment Statute. These activities must be conducted via a local administrator, which can be a trust company or a stock brokerage firm that has been authorized to do so by the Financial Superintendent (Super Financiera). Foreign investment capital funds are not allowed to acquire more than ten percent of the total amount of a Colombian company's outstanding shares. Foreigners have no restrictions to establish a bank account as long as they have a valid visa and government ID (Cedula).

The market has sufficient liquidity for investors to enter and exit sizeable positions. Following the crisis of 1998-99, bailouts for failing banks were partially financed through a controversial tax on financial transactions. The tax was originally set at 0.2 percent but has since been increased to 0.4 percent. The tax on financial transactions is applied to all withdrawals from checking and savings accounts, including accounts with the Central Bank. Savings accounts for the purchase of low-income housing, transactions on the inter-bank market, and the sale or purchase of foreign currency are exempt from the tax. Electronic securities transactions, including stock market transactions, are also exempt from the tax. The Central Bank respects IMF Article VIII and does not restrict payments and transfers for current international transactions.

Money and Banking System, Hostile Takeovers

In 2005, Colombia consolidated supervision of all aspects of the banking, financial, securities, and insurance sectors under the Financial Superintendent. Colombia has an effective regulatory system that encourages portfolio investment. According to the Financial Superintendent, as of December 2013, the estimated assets of the country's main banks totaled approximately $184 billion. Sixty percent of all disbursed credits were destined for commercial credits, 28 percent for consumption, nine percent for housing, and three percent for microcredit. Past-due loans accounted for three percent of the total portfolio.

Colombia's financial system is well developed by regional standards. The financial sector as a whole is investing in new risk assessment and portfolio management methodologies. Two private financial groups together own over half of all bank assets: the Sarmiento Group (Grupo Aval) controls about 27 percent and the Sindicato Antioqueño Group (Bancolombia) about 27 percent as of December 2013. Total foreign-owned bank assets account for approximately 24 percent of sector assets.

The principal source of long-term corporate and project finance in Colombia are commercial banks. Loans with a maturity in excess of five years are scarce. Unofficial private lenders play a considerable role in meeting the working capital needs of small and medium-sized companies. Only the largest of Colombia's companies participate in the local stock or bond markets with the majority meeting their financing needs through the banking system, by reinvesting their profits, and through suppliers' credit.

Competition from State-Owned Enterprises (SOEs) Return to top

OECD Guidelines on Corporate Governance of SOEs

At Colombia's request, the OECD analyzed Colombia's corporate governance practices of State Owned Enterprises (SOEs) against OECD Guidelines and released a report in December 2013 (http://www.oecd-ilibrary.org/governance/colombian-soes-a-review-against-the-oecd-guidelines-on-corporate-governance-of-state-owned-enterprises_5k3v1ts5s4f6-en). The OECD found that Colombia's legal framework is compatible with the OECD standards of corporate governance. Colombian SOEs fall into two broad categories: Industrial and Commercial State Companies that are statutory corporations wholly owned by the state and whose origin and norms are established by law and Mixed-Ownership in which the state has a stake and which can take any legal form and are generally governed by the norms applicable to the private sector. The central government owns 70 SOEs and partial SOEs. SOEs exist in the following sectors: defense article production, regional utility companies, postal service, electricity generation and distribution, hospitals, airports, banking, television, education, regional lotteries, alcohol and spirit distillers, and oil and gas.

In principle Colombia's SOEs do not receive preferential treatment, though in practice some issues arise such as political authorities running SOEs and conflicts of interest. In general, Colombian SOEs are subject to the general legal framework and receive special treatment in very few areas. One of these areas is bankruptcy law; SOEs are largely protected from insolvency due to the necessity of providing essential public services. Colombian SOEs are, in general, subject to private law and structured as commercial companies. However, depending on the sector, SOEs may also be subject to specific sector norms, such as the Utilities Law.

Private enterprises generally are allowed to compete with public enterprises under the same terms and conditions, although at the sub-national level private liquor companies face licensing restrictions and other administrative barriers that prevent free competition with local SOEs. Private enterprises are allowed to compete with SOEs under the same terms and conditions with respect to access to markets, credit, and other business operations, such as licenses and supplies. State-owned banks are expected to treat SOEs without any preference. Colombian SOEs generally use the financial markets for financing and do not receive additional support from the government except in very rare cases.

Colombia's corporate governance code is comprised of 41 best practices for shareholders' meetings, boards of directors, disclosure of financial and non-financial information, and dispute resolution. Adoption of the code is voluntary and based on the principle of self-regulation, but Colombia requires that all companies submit an annual report on their implementation with a "comply or explain" approach. In March 2014, Santos signed a new law requiring all SOEs to make their operations publicly available. Colombia protects the rights of minority shareholders and allows any group of shareholders with less than a ten percent stake to request the intervention of the regulator if they believe the company is taking measures detrimental to their interests. According to the OECD, the three largest SOEs, Ecopetrol, ISA, and ISAGEN, are considered to be good examples of professional management, competition, and excellent corporate governance.

Sovereign Wealth Funds

Colombia started operating a sovereign wealth fund in 2012 using royalties from the extractive industry. The fund's main objective is to promote saving and economic stabilization in the country, but it also aims to boost productivity in Colombia through new technologies and innovation. The fund is administrated by the Central Bank.

Corporate Social Responsibility

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Colombia adheres to the corporate social responsibility (CSR) principles outlined in the OECD Guidelines for Multinational Enterprises. It has a long tradition of CSR across many industries and encourages public and private enterprises to follow OECD guidelines. Beneficiaries of CSR programs include students, children, populations vulnerable to Colombia's armed conflict, victims of violence, and the environment. Larger companies, in particular, structure their CSR programs in line with generally accepted international CSR principles. On several occasions, companies in Colombia have been recognized on an international level, including by the State Department, for their CSR commitments.

Overall, Colombia has strong environmental laws on the books, is proactive at the federal level in enacting environmental protections, and does not waive labor or environmental regulations to attract investors. However, the Colombian government struggles with enforcement, particularly in more remote areas. Geography, lack of infrastructure, and lack of state presence all play a role, as does a general shortage of resources in its national and regional level institutions. The Environmental Chapter of the CTPA requires Colombia to maintain and enforce environmental laws, protect biodiversity, and promote opportunities for public participation.

Political Violence

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Violence, including political violence, has diminished significantly in recent years. Colombian government figures show that the number of terrorist acts decreased by seven percent from 2012 to 2013 to 830 incidents. Homicides nationally continued a downward trend, with 15,234 in 2013, compared with 16,440 in 2012. The number of kidnappings in 2013 was 299, a two percent decrease from 305 in 2012, and a 91 percent decrease since 1999 when there were 3,204 kidnappings.

Security in Colombia has improved significantly in the past 15 years. However, there continues to be an active domestic insurgency that threatens commercial activity and investment, especially in rural zones where government control is weaker. The government estimates the Revolutionary Armed Forces of Colombia (FARC) insurgent group has around 8,000 armed members, and the National Liberation Army (ELN) has around 1,500. Both groups attack oil pipelines, mines, roads, and electricity towers to disrupt economic activity and put pressure on the government. Both groups also extort businesses in their area of operation, sometimes kidnapping personnel and destroying the property of operations that refuse to pay.

The extractive sector has been especially hard hit by insurgent attacks. According to press reports, there were 259 attacks on oil pipelines in 2013, a 72 percent increase compared to 2012. These attacks sometimes temporarily forced oil companies to stop production while pipelines were repaired or to transport oil by more expensive alternate methods. In October 2013, the FARC twice used explosive devices to derail a train moving coal from Cerrejon, Colombia's largest coal mine, to a port in the northern department of La Guajira, and another attack the following month killed one soldier and wounded two others. In 2013, the FARC and ELN also kidnapped, detained, or threatened employees of some oil and gas companies with operations in proximity to Venezuela and Ecuador.

The Colombian government and FARC have been in peace negotiations in Havana, Cuba since November 2012. They have agreed in principle on two of the five negotiating topics – agriculture and rural development and political participation – and discussion on a third topic, drugs, is ongoing. The last two agenda items, victims and end of conflict, have yet to be addressed.

Corruption

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UN Anticorruption Convention, OECD Convention on Combatting Bribery Corruption
Corruption is a significant challenge in Colombia. According to the World Economic Forum's Global Competitiveness Index (2013-2014), corruption is the biggest problem for doing business in Colombia. The Colombian Attorney General estimates that corrupt activity drains $2.1 billion per year from the country's economy. According to the "AmericasBarometer 2013" published by the Latin American Public Opinion Project, the perception of corruption in Colombia reached 81.7 percent, its highest level since the study was first carried out in 2004. Similarly, the latest Survey of Colombian Companies' Anti-Bribery Practices, carried out in 2012, found that 94 percent of businesspeople believed their peers offered bribes and that 58 percent of companies lacked mechanisms for reporting cases of bribery. Responders said that corruption increases the cost of projects almost 15 percent, particularly for government contracts.

President Santos has demonstrated his commitment to prosecute corrupt officials and tackle fraud and bribery in the use of public funds. In 2011, he signed the Anti-Corruption Statute, a comprehensive policy giving the government new tools to crackdown on corruption, including stiffer penalties. Santos has also uncovered multiple high-profile scandals involving the public sector since taking office, and numerous officials have been dismissed, taken to court, or put in jail. In 2013, the Customs and Tax Office (DIAN) was involved in a high-profile corruption case that is still pending in which a number of employees nationwide stole approximately $90 million.
Colombia has adopted the OECD Convention on Combating Bribery of Foreign Public Officials and is a member of the OECD Anti-Bribery Committee. It has signed and ratified the UN Anticorruption Convention. Additionally, it has adopted the OAS Convention against Corruption.

The FTA protects the integrity of procurement practices and criminalizes both offering and soliciting bribes to/from public officials. It requires both countries to make all laws, regulations, and procedures regarding any matter under the FTA publicly available.

Both countries must also establish procedures for reviews and appeals by any entities affected by actions, rulings, measures, or procedures under the FTA.

Resources to report corruption

Useful resources and contact information for those concerned about combating corruption in Colombia include the following:

• The Transparency and Anti-Corruption Observatory is an interactive tool of the Colombian government aimed at promoting transparency and combating corruption available at http://www.anticorrupcion.gov.co/.
• The Presidential Secretariat of Transparency advises and assists the president to formulate and design public policy about transparency and anti-corruption. This office also coordinates the implementation of anti-corruption policies. http://wsp.presidencia.gov.co/.

Gerson David Motta Chavarro
National Secretary of Transparency
Presidential Secretariat of Transparency
Carrera 8 No.7-26 Bogota, Colombia
(57 1) 562-9300
gersonmotta@presidencia.gov.co

Bilateral Investment Agreements Return to top

Colombia has nine free trade agreements that include investment chapters: the U.S., European Union, Canada, Chile, Mexico, Cuba, Andean Community of Nations (Bolivia, Ecuador, and Peru), European Free Trade Area (only Switzerland and Liechtenstein have ratified), Mercosur (Brazil, Argentina, Paraguay, Uruguay, and Venezuela), and North Triangle (El Salvador, Honduras, and Guatemala). Colombia has signed agreements with Israel, Panama, Costa Rica, and South Korea that are expected to be ratified and enter into force within the next two years. Free trade agreement negotiations with Turkey and Japan are ongoing and Colombia's goal is to have sixteen trade agreements with over fifty countries (including the 27 EU members) by the end of 2014.

Additionally, Colombia has stand-alone bilateral investment treaties in force with China, India, Peru, Spain, and Switzerland and treaties signed but not in force with the UK and Japan. Colombia together with Chile, Mexico, and Peru form the Pacific Alliance, which signed a trade agreement in February 2014 that is expected to take effect sometime in 2015.

Bilateral Taxation Treaties

Colombia has double taxation agreements in force with Spain, Chile, Switzerland, and now Canada. It has signed agreements with India, Mexico, South Korea, and Portugal. Talks for such accords have concluded successfully with Belgium, the Czech Republic, and France. Colombia is currently negotiating double taxation agreements with Germany, the Netherlands, Japan, and the United States.

Overseas Private Investment Corporation (OPIC) and Other Investment Insurance Programs Return to top

OPIC made its first investment in Colombia in 1985 and has since made investments totaling over $2 billion in a variety of sectors. Additional information can be found at www.opic.gov.

Labor Return to top

The labor market reflected positive results in Colombia's healthy economy. The average annual unemployment rate in 2013 was 9.6 percent, the first time in many years under ten percent. That said, Colombia has one of the highest unemployment rates in the region. About 64.5 percent of the population actively participates in the labor force. Forty-nine percent of the workforce was working in the informal economy at the end of 2013. Colombia has abundant unskilled and semi-skilled labor throughout the country, as well as managerial-level employees who are often bilingual.

Pursuant to Colombia's Labor Law, any group of 25 or more workers, regardless of whether they are employees of the same company or not, may form a labor union. Employees of companies with fewer than 25 employees may affiliate themselves with other labor unions. About four percent of the country's labor force is unionized. The largest and most influential unions are composed mostly of public employees, particularly of the majority state-owned oil company and the state-run education sector. The Constitution protects the right to constitute labor unions. Strikes, when held in accordance with the law, are recognized as legal instruments to obtain better working conditions. Strikes in sectors considered essential for some public sector unions are illegal. In 2013 there were a number of nationwide strikes, particularly in the agriculture sector, resulting in a few deaths and thousands of dollars in property damage.

Labor rights in Colombia are set forth in its Constitution, the Labor Code, the Procedural Code of Labor and Social Security, sector-specific legislation, and ratified international conventions, which are incorporated into national legislation. Colombia's Constitution guarantees freedom of association and provides for collective bargaining and the right to strike (with some exceptions). It also addresses forced labor, child labor, trafficking, discrimination, protections for women and children in the workplace, minimum wages, working hours, skills training, and social security.

Colombia has ratified all eight of the International Labor Organizations' fundamental labor conventions and all are in force, including those related to freedom of association, equal remuneration, right to organize and collectively bargain, discrimination, minimum working age, forced labor, and prohibition of the worst forms of child labor. Colombia has also ratified conventions related to hours of work, occupational health and safety, and minimum wage. In 2013, Law 1636 was passed to increase protections and opportunities for Colombia's unemployed population. The Ministry of Labor passed a number of resolutions and regulations, covering topics such as social security, occupational safety and health standards, formalization, and labor mediation.

Foreign companies operating in Colombia must follow the same hiring rules as national companies, regardless of the origin of the employer and the place of execution of the contract.

In 2010, Law 1429 eliminated the mandatory proportion requirement for foreign and national personnel; 100 percent of the workforce, including the board of directors, can be foreign nationals. Labor permits are not required in Colombia, except for under-aged workers. Foreign employees have the same rights as Colombian employees.

Foreign-Trade Zones/Free Ports

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To attract foreign investment and promote the importation of capital goods, the Colombian government uses a number of drawback and duty deferral programs. One example is free trade zones (FTZ), which the government has used to attract more investment and create more jobs. In 2005, Colombia's Congress passed comprehensive FTZ modernization legislation that opened investment to international companies, allowed one-company/standalone FTZs, and permitted the designation of pre-existing plants as FTZs. This law was updated in 2007 to outline the requirements to be declared a FTZ. As of December 2013 there were 97 FTZs, an almost tenfold increase since 2005. FTZs account for $7.8 billion in investment and provide 47,076 direct jobs and 96,291 indirect ones. While the customs authority, DIAN, oversees requests to establish FTZs, the Colombian government is not involved in their operation.

In 2002, Colombia accepted the WTO Committee on Subsidies and Countervailing Measures' decision to phase out all export subsidies in FTZs by December 31, 2006. However, FTZs maintain their special customs and foreign exchange regimes, per Law 1004 passed in 2005, which also grants a preferential 15 percent corporate income tax and exemption from customs duties and value-added taxes on imported materials. In January 2013, the new tax reform took effect, grandfathering benefits to existing FTZs while requiring new ones to pay an additional income tax of nine percent until 2015 and eight percent beginning in 2016. In return for these and other incentives, every FTZ project must meet specific investment and job creation commitments. Requirements range from a minimum of $17 million in new investments and 500 jobs for agro-industrial projects, to $34 million in new investment and 150 jobs created for manufacturing projects. Job creation requirements may be lowered by 15 positions for every additional $3 million invested with a minimum requirement of 50 jobs created.

Foreign Direct Investment Statistics

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TABLE 1: Key Macroeconomic Data, FDI in Colombia, 2012

The difference between the Colombian and U.S. sources for FDI in the table below is mainly due to calculation methodologies. The U.S. Bureau of Economic Analysis (BEA) uses balance of payments and direct investment position data without current-cost adjustment while the Colombian Central Bank uses the total FDI calculated by the total registered on FDI declarations submitted to the Bank.

	Host Country Statistical source		**USG or international statistical source**		
Economic Data	**Year**	**Amount**	**Year**	**Amount**	**Link to Source of data**
Host Country GDP *(Billion U.S. Dollars)*	2012	365.4	2012	369.6	http://www.worldbank.org/en/country http://www.banrep.gov.co/

Foreign Direct Investment					
U.S. FDI in partner country (*Millions U.S. Dollars, stock positions)*	2012	2,515	2012	8,434	http://www.bea.gov/ http://www.banrep.gov.co/
Host country's FDI in the United States (*Millions U.S. Dollars, stock positions)*	2012	176.4	2012	779	http://www.bea.gov/ http://www.banrep.gov.co/
Total inbound stock of FDI as % host GDP	2012	4.3%			http://www.banrep.gov.co/

TABLE 2: Sources and Destinations of FDI, Colombia, 2012

The Colombian government's statistics show that FDI into Colombia was $15.8 billion in 2012.

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (U.S. Dollars, Millions)					
Inward Direct Investment			**Outward Direct Investment**		
TOTAL INWARD	37,011	100%	TOTAL OUTWARD	14,005	100%
U.S.	8,434	22.8%	SPAIN	3,251	23.2%
SPAIN	7,573	20.5%	CHILE	2,820	20.1%
NETHERLANDS	5,860	15.8%	PANAMA	2,702	19.3%
MEXICO	3,156	8.5%	BRAZIL	1,869	13.3%
UNITED KINGDOM	2,372	6.4%	NETHERLANDS	1,260	9%

Source: http://cdis.imf.org/

TABLE 3: Sources of Portfolio Investment, Colombia, 2012

Portfolio Investment Assets								
Top Five Partners (U.S. Dollar, Millions)								
Total			**Equity Securities**			**Total Debt Securities**		
World	16,594	100%	World	7,358	100%	World	9,237	100%
United States	11,249	68%	United States	4,963	67%	United States	6,286	68%
Canada	913	6%	Canada	848	12%	Brazil	452	5%
Luxembourg	843	5%	Luxembourg	731	10%	Germany	305	3%
Brazil	475	3%	El Salvador	273	4%	Mexico	152	2%
Germany	305	2%	Ireland	127	2%	Peru	135	1%

Source: http://cpis.imf.org/

Contact Point at Post for Public Inquiries

U.S. Embassy Bogota
Economic Section

Carrera 45 #22B-45
Bogota, Colombia
(571) 275-2000
BogotaECONShared@state.gov

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Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment)

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Most products are imported through letters of credit or time drafts. Soft and long-term financing is an important sales tool, especially for government imports or public tenders. Foreign suppliers, financial intermediaries in Colombia, or foreign financial institutions, may finance Colombian imports.

Colombian importers may freely negotiate payment terms with their suppliers, but importers must list the agreed payment terms on the import documents and may not subsequently change them. These are generally between one and six months for imported products for immediate consumption, including raw materials, intermediate goods, and consumer goods, with almost no term limitations for capital goods, which are payable within the timetables set on the import documentation, plus a grace period of three additional months. Foreign payments may be authorized in installments, but in no case can the original terms listed on the import documents be changed.

General trade finance is freely available and letters of credit are widely used in Colombia. Methods, terms, and conditions of payment vary with the type of credit. Most imports of equipment are paid via irrevocable 180-day letter of credit (L/C), payable on sight against shipping documents. Normal payment term is 60 days. There are transactional cases in which suppliers may extend terms to 120 days by time draft, but this is not common practice. When a satisfactory trading relationship has been established, terms are those generally applied in international trade. Short-term is considered any term less than one year; medium-term is from one to four years; and, long-term ranges from five years up to 20 years.

How Does the Banking System Operate

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Colombia's financial system operates under the supervision of the Financial Superintendent, created in 2005 from the merger of the Banking Superintendent and the Stock Exchange Superintendent. The financial system is relatively large in comparison with the nation's gross domestic product. It has many highly sophisticated institutions with state-of-the-art technology. However, financial services are still very costly and intermediation remains the most important financial activity.

Following the 1998-1999 financial crises, almost half of banking and non-banking institutions were closed, taken over, or forced to merge. Many weaker financial institutions merged or are now affiliated with more experienced and financially sound owners. Still, experts consider that the sector has not reached its ideal size. The presence of foreign banks has intensified competition and investment in advanced technologies and government authorities have made significant efforts to improve the health of the financial sector. In January 2012, Scotia Bank of Canada acquired Colpatria Bank for US$1 billion. The most recent investment, valued at US$1.3 billion, was the acquisition of Helm Bank by the Chilean group Corpbanca in October 2012. Commercial banks are allowed to complete all authorized credit operations, with the exception of leasing operations and real estate sector investments. Only commercial banks provide checking accounts. Within this group, some institutions specialize in housing and construction financing (mortgage banks). Commercial banks dominate the financial market, accounting for over 80 percent of the financial system's assets.

Colombia has not reached the banking coverage of developed countries. However, almost all financial entities are expanding the infrastructure and coverage of their banking services, and access to virtual banking has improved significantly.

In 2009 a new law reforming the financial sector was passed. The reforms increased protection for financial customers, including requirements that financial institutions properly disclose the costs associated with their operations. They also forbid agreements in which consumers waive their rights and provisions shifting the burden of proof to consumers. The reforms create Advocate for Financial Consumers positions, which every financial institution must have and who are responsible for ensuring that financial institutions do not violate consumers' rights. The new law also introduces greater flexibility to the pension fund system by creating the multi-fund structure to allow for various risk investment profiles. It allows foreign banks and foreign insurance companies to operate locally without having to incorporate a Colombian entity, although they do have to set up a branch in Colombia, subject to all relevant legal requirements. Finally the law establishes mechanisms to promote microfinance, securitization and the development of capital markets.

Foreign-Exchange Controls Return to top

Colombia imposes no foreign exchange controls on trade. However, exchange regulations require that the following transactions be channeled through intermediaries (i.e. banks or other recognized financial institutions) authorized for such purposes, and must be declared to the Central Bank:

• Imports and exports of goods
• External loans and related financing costs
• Investment of capital from abroad and remittances of profits thereon
• Investment of Colombian capital abroad, as well as remittances of yields
• Investment in foreign securities and assets and their associated profits
• Endorsements and guarantees in foreign currency
• Derivative or secondary financial operations, e.g. forwards, swaps, caps, floors, or collars.

Colombia has reduced foreign exchange controls significantly in recent years. External Resolution No. 6 of 2000 abolished prior deposit requirements with the Central Bank for public and private external loans as well as for foreign financing of imports into Colombia. Also, Resolution 11 allows residents to make payments to other residents in U.S. dollars through checking accounts held abroad, and Resolution 8 authorizes stock brokerage firms to act as intermediaries in the foreign exchange market. The Colombian peso is convertible and investors report no untoward restrictions on access to hard currency.

Projects performed by companies with foreign capital in special sectors such as the exploration and production of oil, natural gas, coal, nickel, and uranium are subject to a special foreign exchange policy. Under the special policy, investors are not bound to repatriate export-generated foreign currency. Companies devoted to technical services related to hydrocarbon exploration and production activities may carry out operations in a foreign currency with no repatriation obligation. Furthermore, foreign investors are not obligated to reimburse Colombia with foreign currency obtained from the sale of products from these operations. Expenses incurred abroad that are related to the development of these projects must be paid in foreign currency. Companies interested in being covered by these special provisions must notify the central bank.

The Ministry of Finance issued Decree 4145 on November 5, 2010 reinstating a withholding tax of 33 percent on interest paid on foreign debt. This decree will raise the cost of capital for local borrowers. The purpose of the decree is to reduce the inflow of foreign currency. Decree 4145 does not supersede a lower rate of withholding tax provided for in Colombia’s tax treaties with Spain and Chile.

U.S. Banks and Local Correspondent Banks Return to top

Virtually all Colombian banks have correspondent banks in the United States. The following are major Colombian banks and U.S. banks with which they have correspondent relationships:

Davivienda:
Davivienda Internacional
JP Morgan Chase
Citibank
Bank of New York Mellon

BanColombia:
Citibank
Bank of New York Mellon
Deutsche Bank
Bank of America

CoBank:
JP Morgan Chase
American Express Bank
Lloyds TSB Bank
International Bank of Miami
Regions Bank

Banco de Occidente:

Citibank
Bank of America
Bank of New York Mellon
American Express Bank

Banco Popular:
Bank of America
Dressner Bank
Bayerische Hypound-Vereins Bank
Citibank
Bank of New York Mellon
TD Bank
HCBC Bank
ING Bank
Regions Bank

Banco de Bogotá:
Citibank
Bank of America
Deutsche bank
JP Morgan
Bank of New York Mellon

AV Villas:
Banco de Occidente USA

Colpatria Bank:
Bank of America

BBVA Colombia:
BBVA Bank, New York
BBVA Bank, Miami

Project Financing Return to top

The government and the Central Bank are important sources of funding for the financial system. The Central Bank, in addition to providing the usual discount facilities to support system liquidity, manages several special government funds to promote lending into a number of sectors that have been determined to be important to national development or economically essential. The funding comes from government capital, bonds, and current fiscal appropriations, if needed to cover deficits. Access to the funds tends to require considerable paperwork; applicants must qualify and margins are limited. Their importance as a funding resource has diminished in recent years.

Leasing, and domestic and international (both operating and capital) financing are becoming popular, mainly because of tax benefits. Factoring and international credit insurance is available. Transactional financing is more associated with trade in consumer goods, while equity-based financing is more commonly used for project financing.

Colombian exporters have access to credit offered by the Colombian Foreign Trade Bank (Bancoldex). This credit is also extended to Colombian importers for industrial imports.

Foreign investors have full access to local credit. While the Colombian Government still directs credit to some areas (notably agriculture), credit is mostly allocated by the private financial market. Loans of foreign origin or foreign financing of imports are permitted.

EX-IM: The Export-Import Bank of the United States (Ex-Im) provides a full range of services in Colombia. Ex-Im offers a range of loan, insurance, and loan guarantee programs to facilitate exports of U.S. goods and services to Colombian governmental and private companies. For additional information visit: www.exim.gov

OPIC: OPIC is a U.S. government agency that supports, finances and insures projects that have a positive effect on U.S. employment, are financially sound and promise benefits to the social and economic development of the host country. OPIC assistance is available for new investments, privatization, and for expansion and modernization of existing plants sponsored by U.S. investors. Access OPIC programs at: www.opic.gov

Multilateral Funding Agencies and Financial Markets: Multilateral agencies such as the World Bank through the International Finance Corporation (IFC), the Inter-American Development Bank (IDB), the Andean Development Corporation (CAF), the Export Import Bank of Japan, and USAID (and development agencies of Japan and Canada) are active in providing financing for projects in Latin America and the Caribbean.
The Andean Development Corporation (Corporacion Andina de Fomento) is the only organization to provide major direct financing for greenfield projects in Colombia. The CAF has provided direct financing to the private sector for the development of greenfield projects in various infrastructure sectors.

IADC: The Inter-American Development Corporation provides development capital to export oriented companies in the agricultural business through “Corfisura Fondo de Desarrollo de Empresas,” Colombia's first development capital fund in manufacturing, mining, and emerging technology sectors.

World Bank: In 1994, Colombia approved through Law 149, its adherence to the Multilateral Investment Guarantee Agency (MIGA), created in 1985 by the World Bank to stimulate the flow of resources for productive ends between member countries and in particular toward developing countries.

Web Resources

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Export-Import Bank of the United States: http://www.exim.gov
Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html
OPIC: http://www.opic.gov
Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/
USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.html
U.S. Agency for International Development: http://www.usaid.gov
U.S. Embassy Website in Bogotá, Colombia: http://bogota.usembassy.gov
Colombian Banking Association: http://www.asobancaria.com
Colombian Customs and Income Tax Offices: http://www.dian.gov.co
Colombian Ministry for Foreign Affairs: http://www.cancilleria.gov.co/

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Chapter 8: Business Travel

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Colombia, in terms of natural and human resources, offers a strategic location, an educated workforce, and a well-developed industrial capacity. There is a lively international business community in Colombia, with hundreds of well-known, established companies that are committed to a long-term presence. Most companies know their risk profiles and take appropriate measures. It is expensive to do business in Colombia, relative to other Latin American countries. The cost of doing business in Cartagena and Bogota reflect costs similar to major U.S. and European cities. The Santos government is continuing the previous administration's commitment to improve the country's infrastructure (ports, roads, and communications) as a means of promoting a modern business environment and lowering operating costs.

Most business visitors tend to remain within the city limits of the major urban areas (Barranquilla, Bogota, Cali, Cartagena and Medellin). Those who venture beyond these limits (often to visit oilfields and mines) do so under controlled conditions. As with anything in business, the key is to be aware and prepared.

There are distinct regional differences in Colombia, not unlike the United States, Mexico, India or China. Coastal residents are more relaxed and open versus their inland counterparts. The Colombian private sector is well traveled and sophisticated. In all regions the business visitor will find serious, hardworking people who share many of the same work habits and ethics of business people in the United States.

Given the proximity of the two countries and the long-term presence of U.S. firms in the market, Colombians are used to doing business with the United States. Many of them have traveled or studied in the United States and have family members or friends there. Colombian executives and technicians, as well as government officials, travel frequently to the United States for meetings, conferences, trade fairs, training and tourism.

Working breakfasts and lunches at hotels and private clubs have become common practice in most Colombian cities. Business attire is the norm. Dinner meetings tend to be less formal. Business cocktails and official receptions are common events and are used as opportunities to make contacts and discuss ventures. Colombian trade associations, government entities, and private firms are hosting an increasing number of national and regional conventions, conferences, and seminars in the country. These events present excellent opportunities for meeting Colombian business people and key government officials, as well as for assessing market potential.

Travel Advisory Return to top

So that travelers can make an informed decision, the State Department provides risk assessments related to on-going violence, dangers and unrest that could affect U.S. citizens in various countries around the world. There is currently a State Department travel warning in effect for U.S. citizens planning travel to Colombia. For the latest security information, Americans traveling abroad should regularly monitor the Department of State, Bureau of Consular Affairs' website at http://travel.state.gov where the current Worldwide Caution Public Announcement, Travel Warnings and Public Announcements can be found.

On October 14, 2014, the State Department issued a travel warning for Colombia, due to sporadic violence that continues to affect various parts of the country, including but not limited to narco-terrorist group attacks, kidnappings, petty crime and similar threats which have affected U.S. citizens. The travel warning can be found at:http://travel.state.gov/content/passports/english/alertswarnings/colombia-travel-warning.html For more information on a particular business travel plan, companies are urged to contact the Commercial Service, U.S. Embassy, Bogota for customized advice.

Most business persons who visit Colombia travel primarily to the major cities and commercial centers of Bogota, Cali, Medellín, Barranquilla and Cartagena, where caution should be taken against common large-city crimes such as pick pocketing, jewelry and purse-snatching, and currency scams. Selecting a good hotel, keeping valuables in a hotel safe, using authorized taxis and hired car services, and using common sense in avoiding certain areas of town will help to reduce the risk of falling victim to these crimes. At airports, care should be taken with hand luggage and travel documents.

Travel between cities should be by air in order to avoid rural areas controlled by terrorist groups and common criminals. Road travel outside of the major cities is not recommended.

Those who absolutely must travel to facilities in outlying areas (most commonly oil and mining professionals and technicians) are advised to adhere strictly to the security regulations and guidelines established by their companies.

For further information concerning travel to Colombia, U.S. travelers should consult the Department of State's latest Travel Warning and the Country-Specific Information. In addition to information available on the Internet, up-to-date information on safety and security can also be obtained by calling 1-888-407-4747 toll-free in the United States or Canada, or for overseas callers, a regular toll line at 1-202-501-4444. These numbers are available from 8:00 a.m. to 8:00 p.m. Eastern Time, Monday through Friday (except U.S. federal holidays).

U.S. citizens living in or visiting Colombia are encouraged to register and update their information online at: https://step.state.gov/step/. They can also obtain updated information on travel and security in Colombia either at the Consular Section of the U.S. Embassy in Bogota or via the Embassy's website (http://bogota.usembassy.gov). The Consular Section is open for U.S. Citizens Services, including traveler registration, from 9:00 a.m. to 11:30 a.m., Monday through Thursday, (excluding U.S. and Colombian holidays), although it is important to note that most of these services require a prior appointment. For general inquiries or to speak with a consular officer, please send an email to acsbogota@state.gov. For passport appointments, please visit: http://bogota.usembassy.gov/passports.html.

The U.S. Embassy is located at Avenida El Dorado and Carrera 50. For U.S. citizens with an emergency please call 275-2000 or visit the Embassy. Internet website - http://bogota.usembassy.gov/.

The Consular Agency in Barranquilla provides limited consular services to U.S. citizens and is located at Calle 77B, No. 57-141, Piso 5, Centro Empresarial Las Americas, Barranquilla, Atlantico, Colombia; telephone (011-57-5) 353-2001; fax (011-57-5) 353-5216; e-mail: agrpersonal@gmail.com

Visa Requirements

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U.S. Citizens (who are not also Colombian citizens) traveling to Colombia are required to carry a valid U.S. passport to enter and depart Colombia and a return/onward ticket. U.S. citizens do not need a visa for a tourist/business stay of 60 days or less. Stiff fines are imposed if passports are not stamped on arrival and/or if stays exceeding the authorized period of stay (generally 60-90 days) are not approved in advance by Colombian Immigration.

In an effort to encourage foreign investment and attract tourism, Colombian visas may be extended to periods ranging from six months to five years, depending on the visa category. Following are some examples:

Business Visas: These visas may be granted for a period of up to four years, with multiple entries, and for a maximum stay of up to two years per entry. Business visas are issued to foreigners who prove their status as merchants, industrialists, executives or business representatives.

Temporary Managerial Visas: Valid for multiple entries during a five year period. Holders of these visas may stay in the country for a period of up to one year per entry. It expires if the foreigner leaves the country for more than 180 days.

Special Temporary Visas: Valid for multiple entries during one year. It expires if the foreigner leaves the country for more than 180 Days.

For more information on other types of visas, or information concerning entry and customs requirements, immigration regulations, and other related matters, please visit Colombia's Ministry of Foreign Affairs website (www.cancilleria.gov.co). Information is also available at the Colombian Embassy located at 2118 Leroy Place NW, Washington DC, 20008; Tel: (202) 387-8338 (www.colombiaemb.org). Additionally, Colombia has consular offices in the following U.S. cities: Atlanta, Boston, Chicago, Houston, Miami, Los Angeles, Newark, New York City, San Francisco, Orlando, Tampa and San Juan (Puerto Rico).

U.S. citizens whose passports are lost or stolen in Colombia must obtain a new passport from the U.S. Embassy and present it, together with a police report of the loss or theft, to the main immigration office in Bogota to obtain permission to depart.

According to Colombian law, any person born in Colombia must use his/her Colombian passport to enter and leave Colombia, even if also a citizen of another country. Therefore, Colombian-Americans must carry both a Colombian and U.S. passport while visiting Colombia.

While no arrival tax is collected upon entry into Colombia, travelers leaving by plane are required to pay an “exit tax” at the airport. Some airlines include all, or a portion, of this tax in the cost of your airline ticket. We recommended that you check with your airline prior to travel to determine if you will be required to pay the exit tax at the time of your departure from Colombia.

U.S. NON-INMIGRANT VISA REQUIREMENTS FOR COLOMBIANS

All Colombians traveling to or through the U.S. need a visa. U.S. companies inviting foreign business professionals to the United States should allow sufficient time [several months] for visa processing and issuance. Visa applicants should go to the following website http://colombia.usvisa-info.com/ or call (1) 325-9851 from within Colombia, and 1-703-439-2325 in the US or “usvisacolombia1” from Skype to schedule a visa appointment.

As of 2013, many individuals renewing business/tourist visas are no longer required to visit the U.S. Embassy for an interview. Visa applicants should visit http://colombia.usvisa-info.com to determine if they are eligible for this program.

No documents should be sent to the Embassy prior to the interview.

Visa applicants should go to the following links for additional information.

State Department Visa Website: http://travel.state.gov/visa/index.html

U.S. Embassy Bogota Colombia website: http://bogota.usembassy.gov

Appointment Website: http://colombia.usvisa-info.com

Telecommunications

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Colombia has a reliable domestic and international telecommunications system. Cellular phones are widely used in Colombia with automatic roaming within the country; there are also roaming agreements with U.S. carriers and most other Latin American countries. Four private companies, Avantel, Claro, Movistar and Tigo, currently provide mobile services. Internet, tele-conferencing and video-conferencing facilities are also available.

Colombia boasts a very large number of mobile communications subscribers, with 48.6 million subscribers. In terms of services, approximately 81 percent are pre-paid users and 19 percent are contract subscribers. In terms of the supply of services, there is a large concentration by carrier, with Claro boasting a 63 percent and 57 percent market share for pre-paid and contract services respectively. Movistar ranks 2nd in both segments, followed by Tigo and Une.

Colombia's Government has made a major push to increase connectivity and access to telecommunications. In that regard, the Ministry of InformationTechnologies and Communications has launched a major program called 'Vive Digital', which is trying to increase the number of internet connections in the country, which as of year's end 2013 stood at over 7.6 million for broadband and almost at 4 million for fixed and mobile connections.

Transportation

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Airports: Colombian air transportation is well developed, with international airports in Armenia, Bogotá, Barranquilla, Cartagena, Cali, Cucuta, Leticia, Pereira, Medellin, and San Andres Island providing regular flights to major cities abroad. Currently, there are five U.S. airlines (American, Delta, United, JetBlue, and Spirit) that provide direct daily flights between Colombia and the United States. Frequent domestic flights connect principal cities within Colombia. Business travelers should be aware that prior flight reservations within Colombia (even though pre-paid) are not always honored, and flights may be overbooked to popular destinations such as Cartagena. Thus, a final confirmation is advisable 24-hours before departure as is arriving at the airport three hours in advance of the flight. In January 2013 an Open Sky Agreement entered into effect between the United States and Colombia which has increased the flight frequencies among the two countries.

Taxis: Taxi service is available at all major hotels. Given traffic conditions and security concerns, business travelers should contract hourly taxi service or hired cars with drivers. Arrangements may be made with your hotel for your transportation. The current rate is about US$ 15.00 per hour or 30,000 COP. If normal yellow city taxis must be used, ensure the hotel/restaurant calls a "radio taxi" and provides you with a code. Never hail taxis on the street and never share a cab with an unknown person (including the driver's "brother, son, cousin, etc."). Taxis fares increase 30 percent after dark.

Language

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Spanish is the official language and spoken throughout the country. It is advisable to have some knowledge of Spanish or to hire the services of a qualified interpreter. Many senior executives and government officials speak English. Make the effort to translate your sales literature and website information into Spanish to improve your customer service.

Health

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Bogota is a high altitude location (8,600 ft). Travelers should take it easy the first day, avoid alcohol, eat moderately and stay hydrated. Medical care is adequate in major cities, but quality varies elsewhere. In Bogota in particular, travelers can find very qualified general practitioners and specialists. Doctors and hospitals often expect immediate cash payment for health services, although many hospitals in principal cities accept major U.S. credit cards. U.S. medical insurance is not always valid outside the United States. Visitors with a particular medical problem may therefore wish to consider supplemental medical insurance with specific overseas coverage, including the provision for medical evacuation or other emergencies.

Local Time, Business Hours, and Holidays Return to top

Colombian time is the same as U.S. Eastern Standard time, without daylight-saving adjustments, e.g. Washington time in winter, Chicago time in summer.

The workweek is Monday - Friday. Normal working hours are 8 a.m. – 5 p.m. with lunch being taken at 12 noon or 1 p.m. Alternative hours may be 7:30 a.m. - 4:30 or 8:30 a.m. - 5:30 p.m. with an hour for lunch. In coastal cities such as Cartagena, many offices and manufacturing operations also work half-day on Saturday, with a two hour lunch break during the work week.

Shopping: Most stores are open between 9:00 a.m. and 7:00 or 8:00 p.m. on weekdays, and between 9:00 a.m. and 8:00 p.m. or 9:00 p.m. on Saturdays. Some food stores and restaurants (but very few other establishments) are open on Sundays and holidays. It is sometimes possible to negotiate a discount at some stores when paying in cash.

Prior to planning business travel, it is advisable to consult the schedule of Colombian holidays. It is strongly recommended that business trips be avoided during Holy Week (the week before Easter) and the Christmas holiday season (December 17 to January 15). Visitors may also find it difficult to make business appointments during “puentes” (Fridays or Mondays which “bridge” the weekends with official holidays falling on Thursdays or Tuesdays.)

Colombia’s official holiday calendar for 2014 is as follows:

January 1	Wednesday (New Year’s Day)
January 6	Monday (Epiphany)
March 24	Monday (Saint Joseph)
April 17	Thursday (Holy Thursday)
April 18	Friday (Good Friday)
May 1	Thursday (Labor Day)
June 2	Monday (Ascension Day)
June 23	Monday (Corpus Christi)
June 30	Monday (Feast of the Sacred Heart/Feast of Saint Peter and Saint Paul)
July 20	Sunday (Independence Day)
August 7	Thursday (Battle of Boyaca)
August 18	Monday (Assumption Day)
October 13	Monday (Columbus Day)
November 3	Monday (All Saints' Day)

November 17	Monday (Independence of Cartagena)
December 8	Monday (Feast of the Immaculate Conception)
December 25	Thursday (Christmas Day)

Regional Holidays: February 9 through February 11, (Carnival), Barranquilla. December 24 through December 31, 2013 (Folklore Festival), Cali: Offices open only from 8:00 am - 12:00 noon.

The U.S. Embassy in Bogota observes U.S. government holidays as well as Colombian holidays.

Temporary Entry of Materials and Personal Belongings

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Non-fungible merchandise that can be thoroughly identified by marks, serial numbers, or other symbols can be temporarily brought into Colombian territory for specific purposes. The merchandise must be re-exported immediately after the pre-authorized period, without being subject to any alteration or modification, except for the normal deterioration caused by use. There are two categories for temporary imports: short and long term. The DIAN decides which of the two systems will be applied to a specific case:

Short Term: This allows merchandise imports for a specific purpose during a period of time that should not exceed six months. An extension can be requested from one to three-months. An approval must be obtained before expiration of the initial authorization. Short-term imports are not subject to import duties, but a guarantee equivalent to 10 percent of the corresponding import duties must be presented to obtain approval.

Long-Term: Colombian Customs regulations also allow companies to import equipment temporarily for a period of up to five years. Under this measure, the Government allows the import of machinery and equipment as well as related accessories and spare parts if they are included in the same one-time-only shipment. This system applies to equipment to be used in public works projects and other activities that are important for national economic and social development. Long-term temporary imports are also approved for machinery and equipment brought into the country under leasing contracts within a term of six months to five years. Long-term customs declarations for temporary imports must include the U.S. dollar calculation of duties and taxes in accordance with the tariff schedule effective on the submission date. The total amount may be divided into equal quotas to be paid semi-annually, during the temporary import period. The importer may be requested to establish a guarantee equivalent to 100 percent of the import duties. Import duties are non-refundable.

Demonstration Equipment: The international carnet system for temporary imports of demonstration equipment (to be used in promotional campaigns or trade shows) is not in effect in Colombia. The DIAN has implemented an alternative system. Visitors bringing in equipment for demonstration purposes are requested to fill out a special form provided by the DIAN upon their arrival at an international airport. The equipment may stay in the country up to 90 days. There is no deposit requirement.

Web Resources

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Information on Yellow Fever, see http://www.cdc.gov/travel/diseases/yellowfever.htm
Banking Association: www.asobancaria.com
Colombian Customs and Income Tax Offices: www.dian.gov.co
CIS - http://travel.state.gov/travel/cis_pa_tw/cis/cis_1090.html -
Travel warning - http://travel.state.gov/travel/cis_pa_tw/tw/tw_941.html -

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Chapter 9: Contacts, Market Research, and Trade Events

Contacts

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Andean Development Corp. (CAF): www.caf.com
Andean Community (CAN): www.comunidadandina.org
ANDI (National Industries Association): www.andi.com.co
ANIF (Financial Entities Association): http://anif.co/
Association of Automotive Importers and Exporters: www.asopartes.com
Association of Flower Exporters: www.asocolflores.org
Banco de la República (Central Bank): www.banrep.gov.co
Bancoldex (Foreign Trade Bank) www.bancoldex.com
Banking Association: www.asobancaria.com
Banking Superintendence: www.superfinanciera.gov.co
Bivac de Colombia S.A.: www.bureauveritas.com.co
Bogotá Chamber of Commerce: www.ccb.org.co
Cambio Magazine: www.cambio.com.co
CNTV (National TV Commission): www.cntv.org.co
Colombian Agricultural Institute- ICA: www.ica.gov.co
Colombian Association of Airlines (ALAICO): www.alaico.org
Colombian Association of Travel and Tourism Agencies (ANATO): www.anato.org
Colombian Hotels Association (COTELCO): www.cotelco.org
Colombian Special Administrative Unit for Civil Aeronautics (UAEAC): www.aerocivil.gov.co
Colombian Association of Hospitals and Clinics: www.achc.org.co
Colombian Association of Medical Business: www.acemi.org.co
Colombian Association of Systems Engineers: www.acis.org.co
Colombian Association of Banks: http://www.asobancaria.com/portal/page/portal/Asobancaria/inicio
Colombian Coffee Growers Federation: www.cafedecolombia.com
Colombian Construction Chamber: www.camacol.org.co
Colombian Customs and Income Tax Offices (DIAN): International Commerce Bulletin: http://www.dian.gov.co/dian/14cifrasgestion.nsf/e7f1561e16ab32b105256f0e00741478/a02b47038628e5610525733e0059549a?OpenDocument
Colombian Customs and Income Tax Offices (DIAN): www.dian.gov.co
Colombian Engineers Society: www.sci.org.co
Colombian Export Promotion Bureau: Colombia Sector Profile Agro-industry: http://www.inviertaencolombia.com.co/Adjuntos/087_Perfil%20Sector%20Agroindustrial.pdf
Colombian Export Promotion Bureau: www.proexport.com.co
Colombian Government: Citizens, Economy and Commerce: http://www.gobiernoenlinea.gov.co/web/guest/informate?ref=link23#pr=_TaxonomyBrowser_WAR_taxonomybrowserportlet_profiletabs-citizen&au=_TaxonomyBrowser_WAR_taxonomybrowserportlet_audience0

Colombian Government: Companies, Economy and Commerce
http://www.gobiernoenlinea.gov.co/web/guest/informate?ref=link23#pr=_TaxonomyBrowser_WAR_taxonomybrowserportlet_profiletabs-enterprise
Colombian Government: http://www.gobiernoenlinea.gov.co/web/guest
Colombian Grain Growers Federation: www.fenalce.org.co
Colombian Infrastructure Chamber (CCI): www.infraestructura.org.co
Colombian Petroleum Association: www.acp.com.co
Colombia Stock Exchange: http://www.bvc.com.co/pps/tibco/portalbvc
Colombian Tele-Informatics Chamber: www.ccit.org.co
Colombian-American Chamber of Commerce: www.amchamcolombia.com.co
Council of American Companies (CEA): http://www.ceacolombia.com/es/
CREG (Energy and Gas Regulatory Commission): www.creg.gov.co
CRT (Telecommunications Regulatory Commission): http://www.crcom.gov.co/
DANE (Statistics Bureau): www.dane.gov.co
Dinero Newspaper: www.dinero.com
Economic Commission for Latin America and the Caribbean (ECLAC): www.eclac.org
El Espectador Newspaper: www.elespectador.com
El Tiempo Newspaper: www.eltiempo.com.co
Export-Import Bank of The United States (EXIMBANK): www.exim.gov
FENALCO (Merchants Association): www.fenalco.com.co
Health Colombia Online Magazine: www.saludcolombia.com
Industry And Commerce Superintendence: www.sic.gov.co
Instituto Nacional de Vigilancia de Medicamentos y Alimentos (INVIMA):
www.invima.gov.co
International Airport Operator (OPAIN): www.elnuevodorado.com
Inter American Development Bank: www.iadb.org
International Packaging Exhibition, 2011, Bogota-Colombia: http://www.andinapack.com/
Intertek Testing Services (Customs validation): www.intertek.com
La Nota Económica Magazine: www.lanota.com
La República Newspaper: www.larepublica.com.co
Latin-American Integration Association (ALADI) http://www.aladi.org
Medellín Chamber of Commerce/Trade Point: www.camaramed.org.co
Ministry of Agriculture and Rural Development: www.minagricultura.gov.co
Ministry of Information and Communications Technologies: http://www.mintic.gov.co/
Ministry of Environment, Housing and Territorial Development: www.minambiente.gov.co
Ministry of Health (Ministerio de la Protección Social):
http://www.minproteccionsocial.gov.co/Paginas/default.aspx
Ministry of Mines and Energy: www.minminas.gov.co
Ministry of Trade, Industry and Tourism: www.mincomercio.gov.co
Ministry of Transportation: www.mintransporte.gov.co
National Association of Exporters: www.analdex.org
National Cattlemen’s Federation: www.fedegan.org.co
National Health Care Superintendence: www.supersalud.gov.co
National Planning Department: www.dnp.gov.co
Overseas Private Investment Corporation (OPIC): www.opic.gov
Plastic Industries Association: www.acoplasticos.org
Portafolio Newspaper: www.portafolio.com.co
Pharmaceutical Laboratories Association (AFIDRO): www.afidro.org
Presidencia de la República (Office of the President of Colombia):
www.presidencia.gov.co

Scientific Association for Health: www.sociedadescientificas.com
Semana magazine: www.semana.com
Small Business Association-Acopi: www.acopi.org.co
State Controller's: www.contraloriagen.gov.co
State Contracting Information System (SICE): www.sice-cgr.gov.co
Superintendent of Corporations: www.supersociedades.gov.co
Trade and Development Agency: www.ustda.gov
Visit USA Committee Colombia: www.visitusacol.com
World Bank: http://www.worldbank.org/

Market Research Return to top

To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/marketresearch.html and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

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Please click on the link below for information on upcoming trade events.

http://export.gov/ibp/ibp.asp?ReportID=IBP

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

http://www.export.gov/colombia

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