



Colombia

Investment Environment and Business Opportunities in Colombia



March – 2015

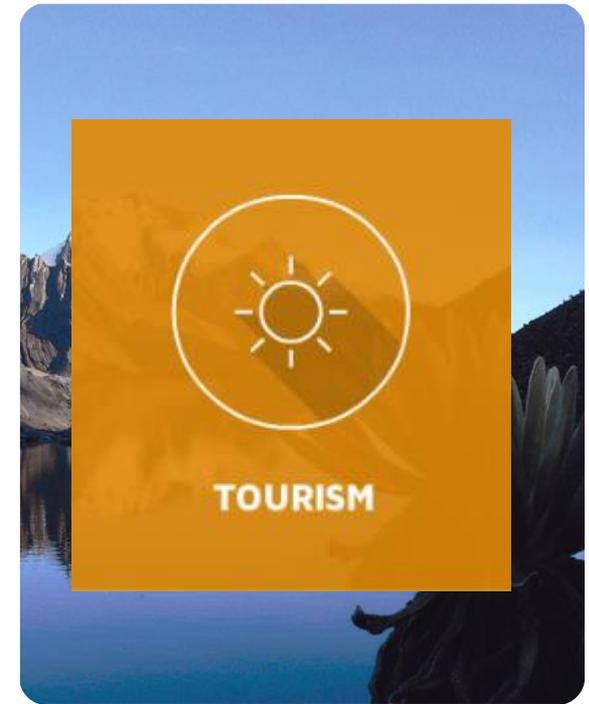


PROCOLOMBIA
EXPORTS TOURISM INVESTMENT COUNTRY BRAND

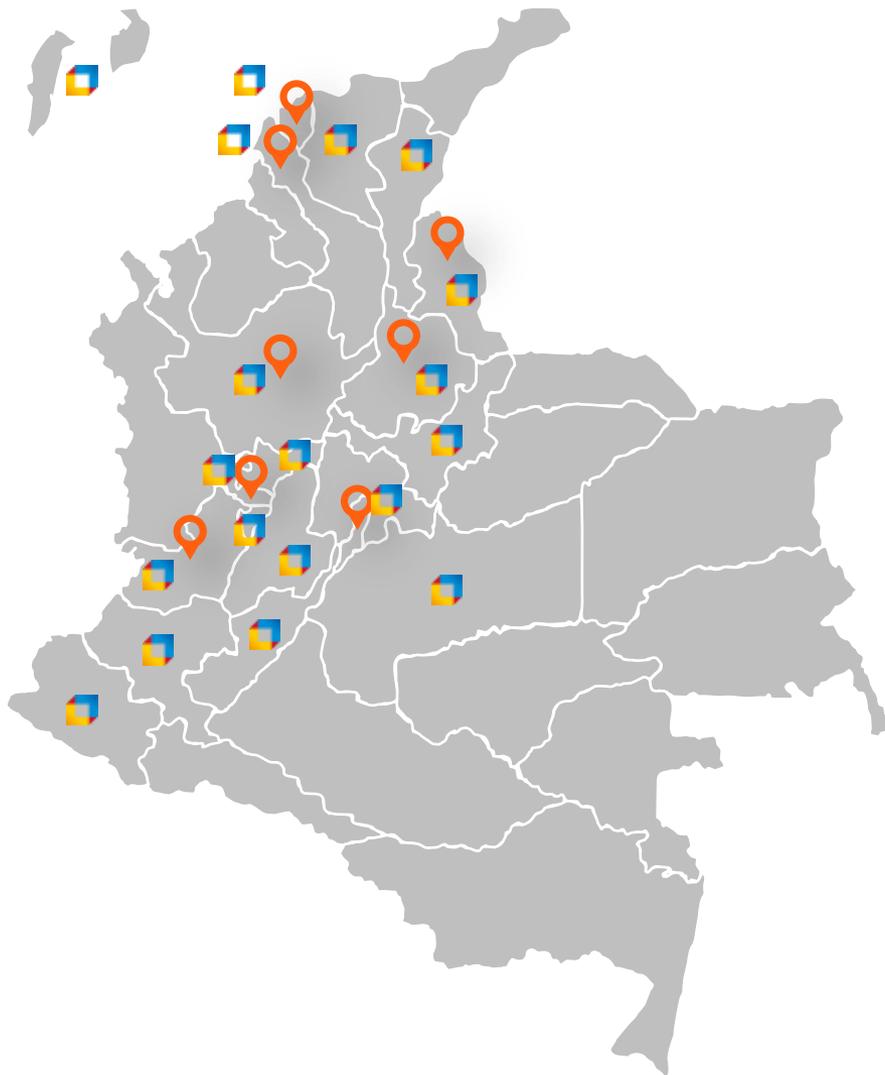
About us

PROCOLOMBIA

We promote exports, tourism, investment and industrial expansion for internationalization. We integrate the work of the Country Brand within the strategic planning of Colombia's promotion worldwide.



Presence in Colombia



25 Information centers



Valledupar. Pasto. Palmira. Armenia = [Universidad Gran Colombia – Cámara de Comercio](#). Villavicencio. Boyacá = [Tunja - Duitama - Sogamoso](#). Ibagué. Santa Marta. San Andrés. Aburrá Sur. Neiva. Barranquilla = [Cámara comercio – Universidad del Norte](#). Cartagena. Medellín. Bucaramanga. Cali = [Cámara de Comercio](#). Pereira. Bogotá. Manizales. Cúcuta.

8 Regional Offices



Barranquilla, Bogotá.
Bucaramanga. Cali. Cartagena.
Cúcuta. Medellín. Pereira

PROCOLOMBIA around the world

26 commercial offices

Presence in **30** countries



United States. Canada. Mexico. Guatemala. Costa Rica. Caribbean. Venezuela. Brazil. Ecuador. Chile. Peru. Argentina. Spain. Germany. Portugal. United Kingdom. France. Turkey. United Arab Emirates. India. China. South Korea. Russia. Japan. Singapore. Indonesia.

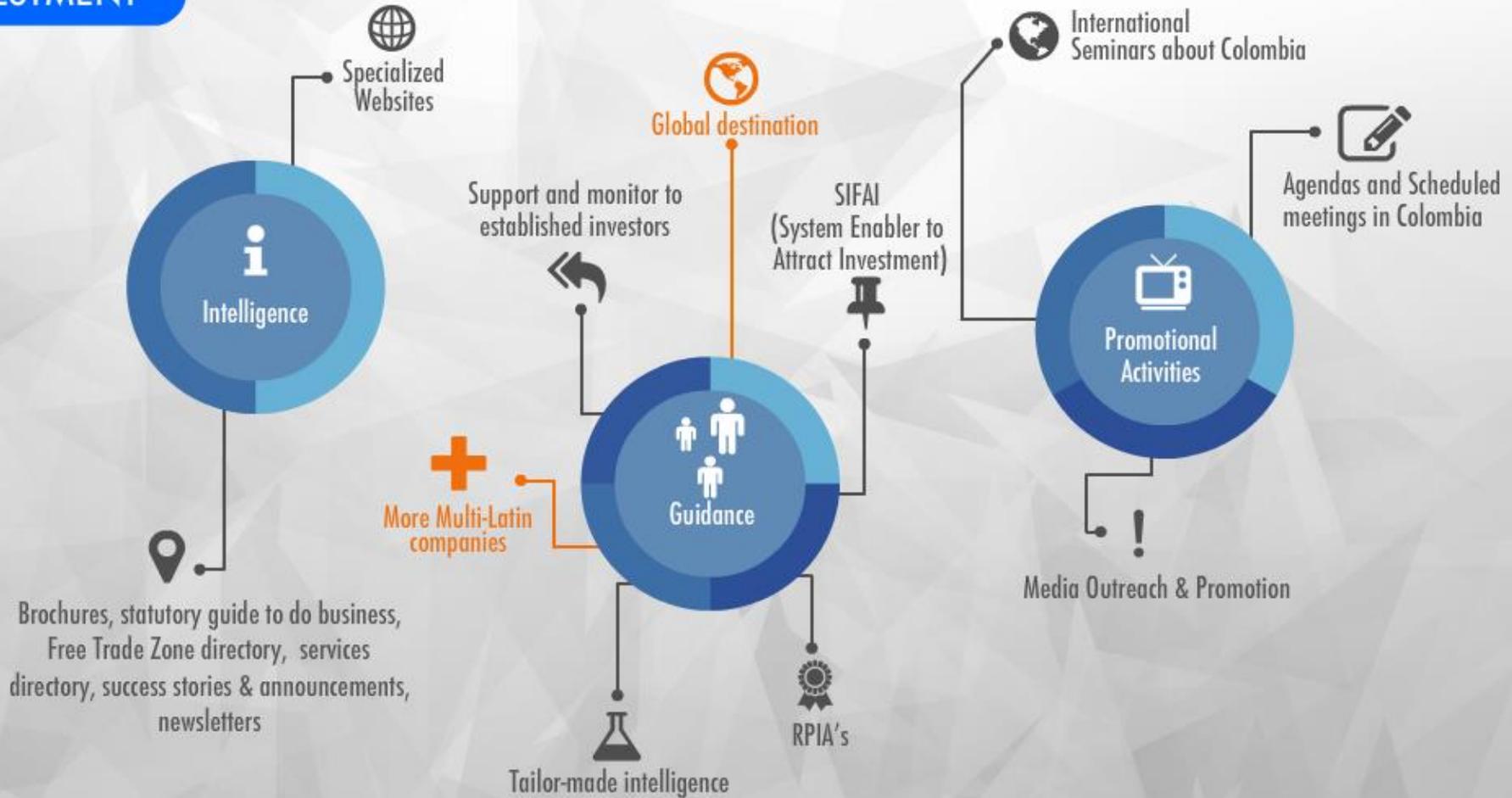
PROCOLOMBIA Services

EXPORTS



PROCOLOMBIA Services

INVESTMENT

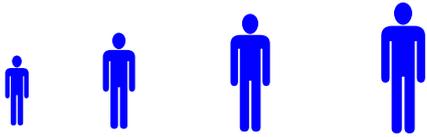


PROCOLOMBIA Services

TOURISM



General Facts



55%

of the population is less than 30 years old. There are nine cities with over 500 thousand people.

Colombia is the country with the highest biodiversity per km²

It is among the 17 most megadiverse countries of the planet.



With an extension of 1,141,000 km² almost 3 times the size of California and twice the size of Texas.

Colombia is the only country in South America with access to both, the Atlantic and the Pacific ocean.

Times of great economic achievements

GDP Jan - Sep 2014: **+5.0%**

GDP Jan - Sep 2013: **+4.4%**

Higher than the Latin American average growth (1.3%).

Controlled Inflation 2014: **3.66%**

Below target inflation



FDI up to Q3 2014: **US\$11,840**

FDI up to Q3: **US\$ 12,431**

Figures in US Millions

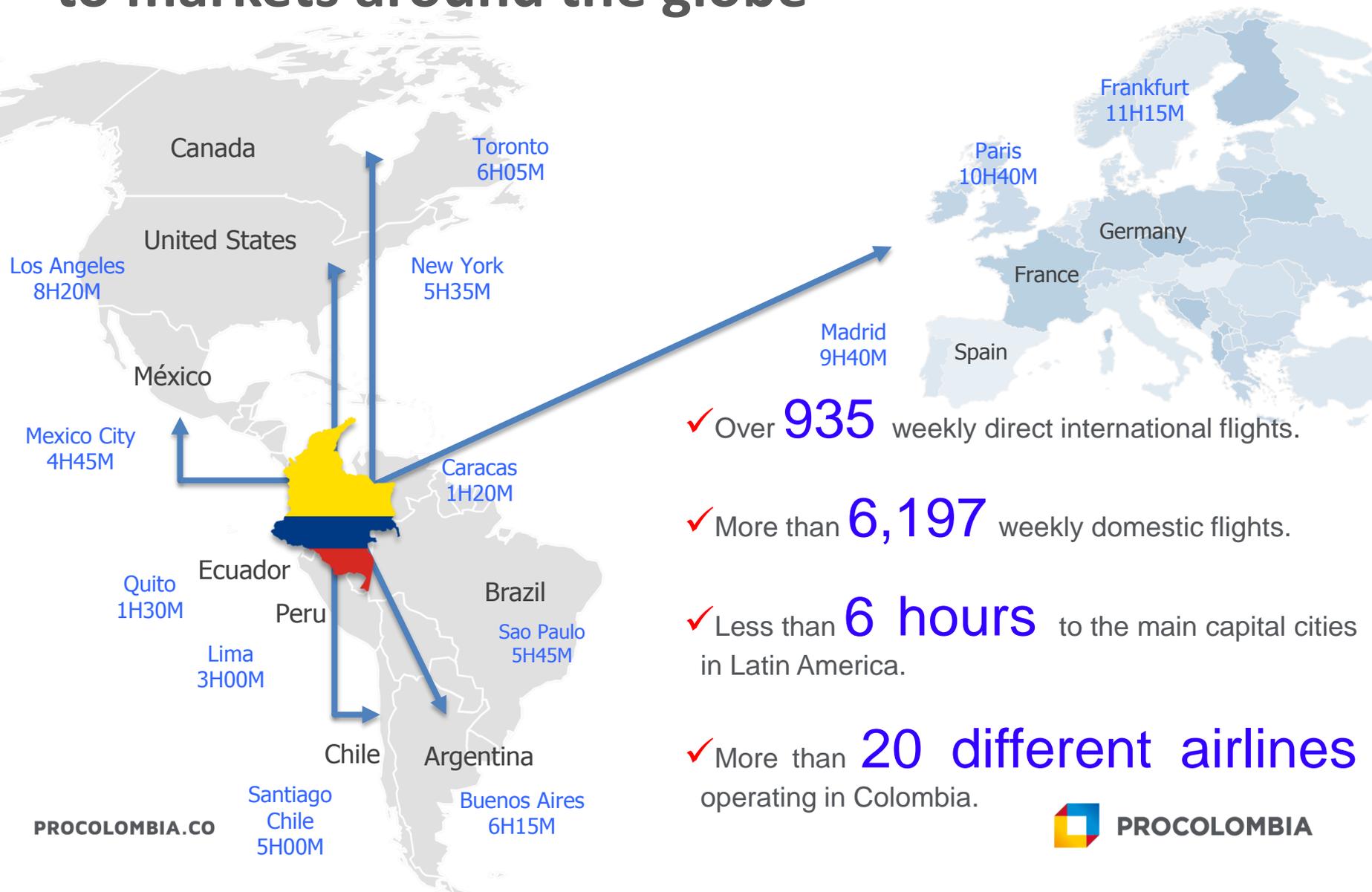
Unemployment rate 2014: **9.1%**

Unemployment rate 2013: 9.6%.

1.02 million barrels per day of oil production

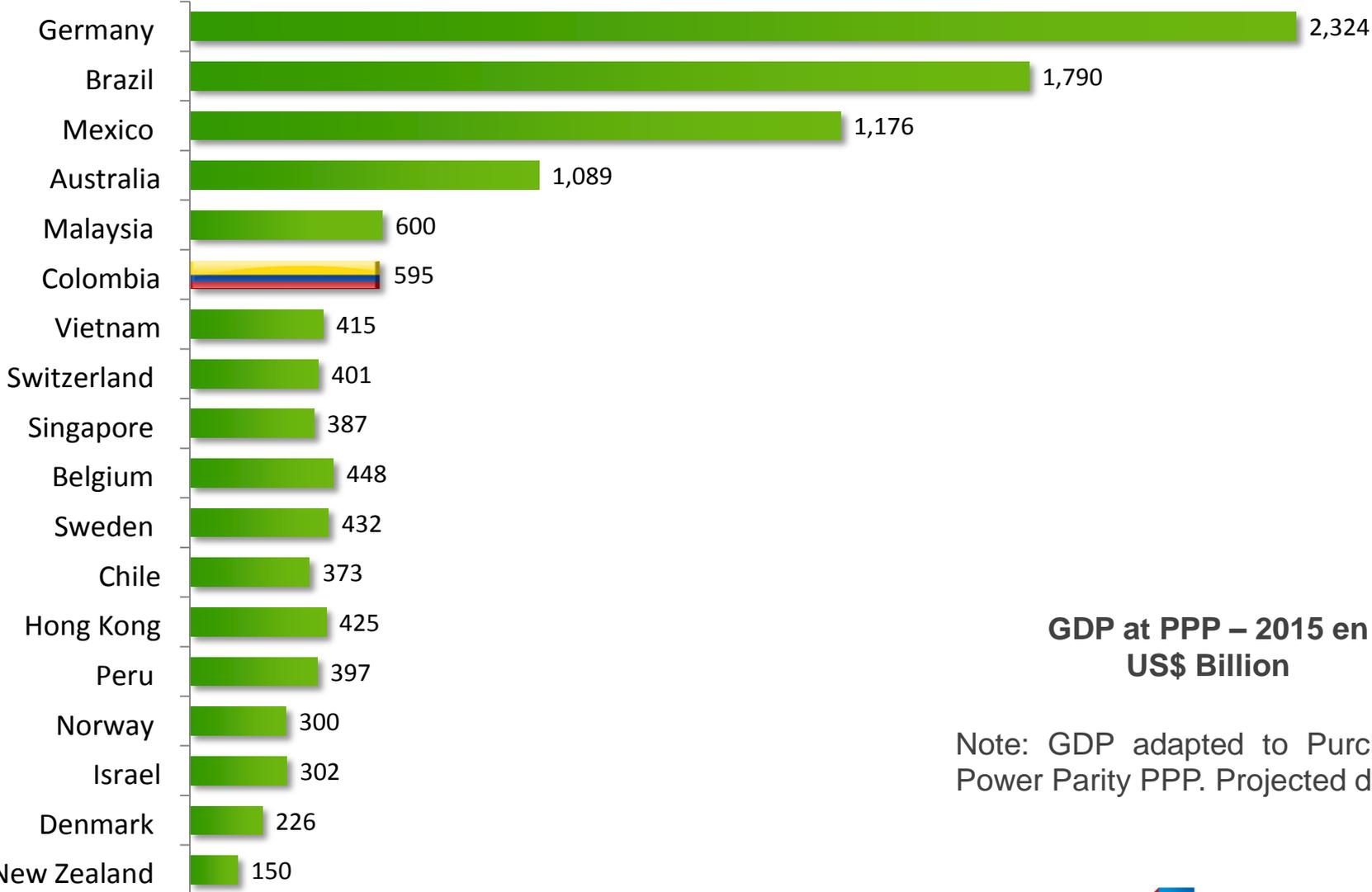
Third largest producer in South America

A competitive location with easy access to markets around the globe



- ✓ Over **935** weekly direct international flights.
- ✓ More than **6,197** weekly domestic flights.
- ✓ Less than **6 hours** to the main capital cities in Latin America.
- ✓ More than **20 different airlines** operating in Colombia.

Colombia is within the 30th largest economy in the world and one of the largest non-OECD economies

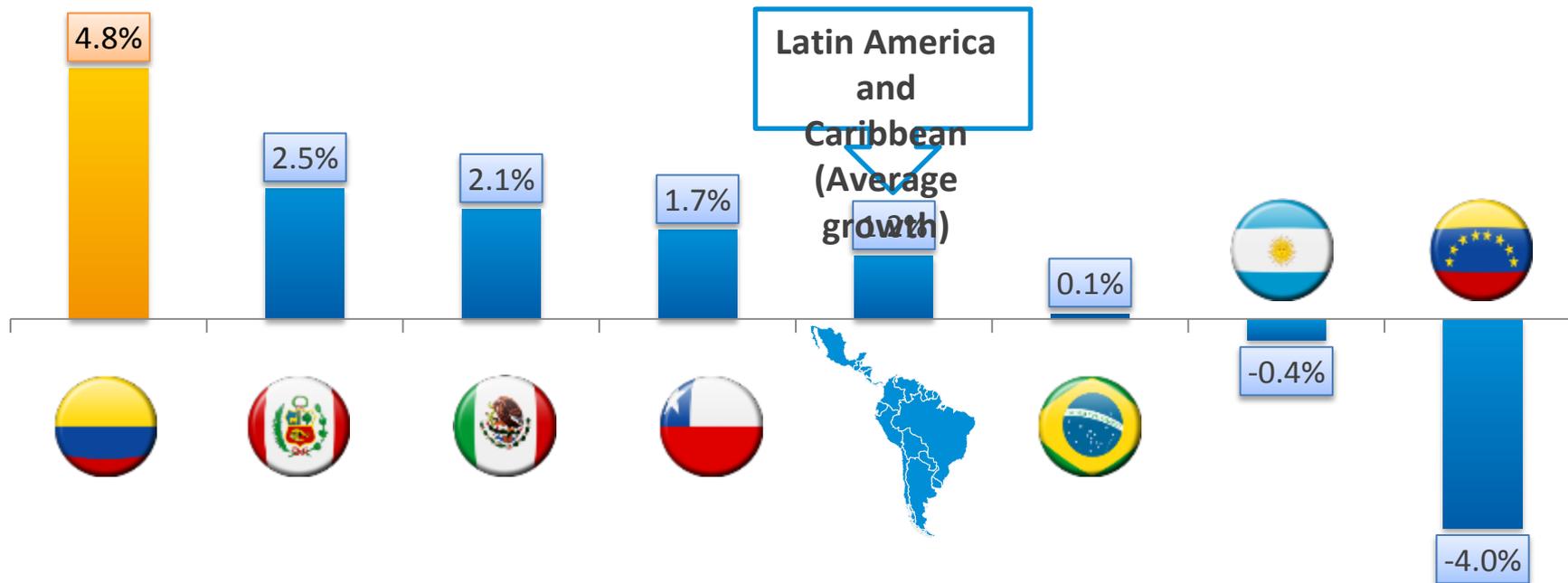


GDP at PPP – 2015 en US\$ Billion

Note: GDP adapted to Purchasing Power Parity PPP. Projected data.

The highest expected growth in 2014 among Latam's major economies

Expected growth of Gross Domestic Product, 2014e

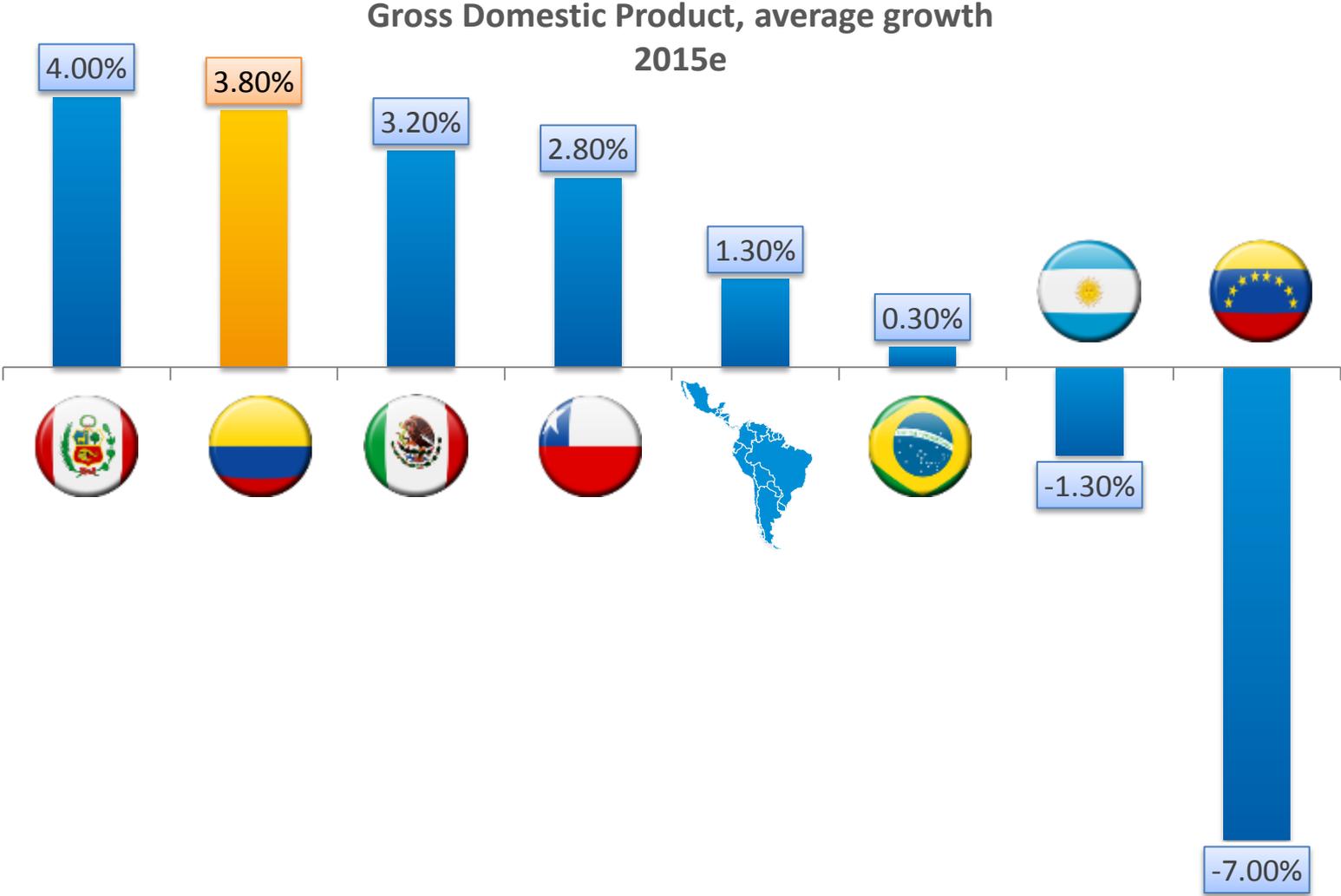


Colombian growth drivers according to OECD

- High investment in housing and infrastructure (12% growth)
- Growth in private consumption (4.6%)
- Solid labor market
- Public expenditure

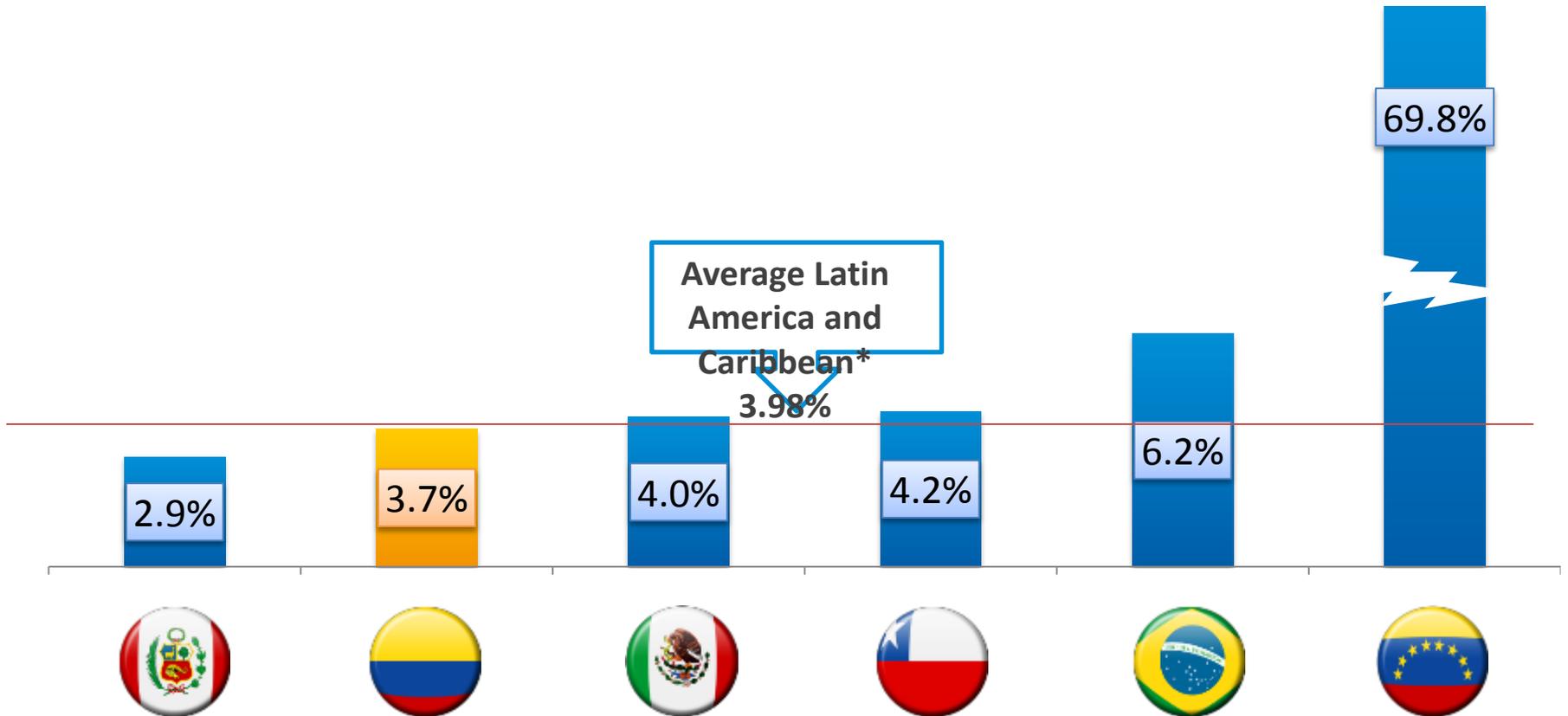


Peru and Colombia, the top growing economies in the coming years



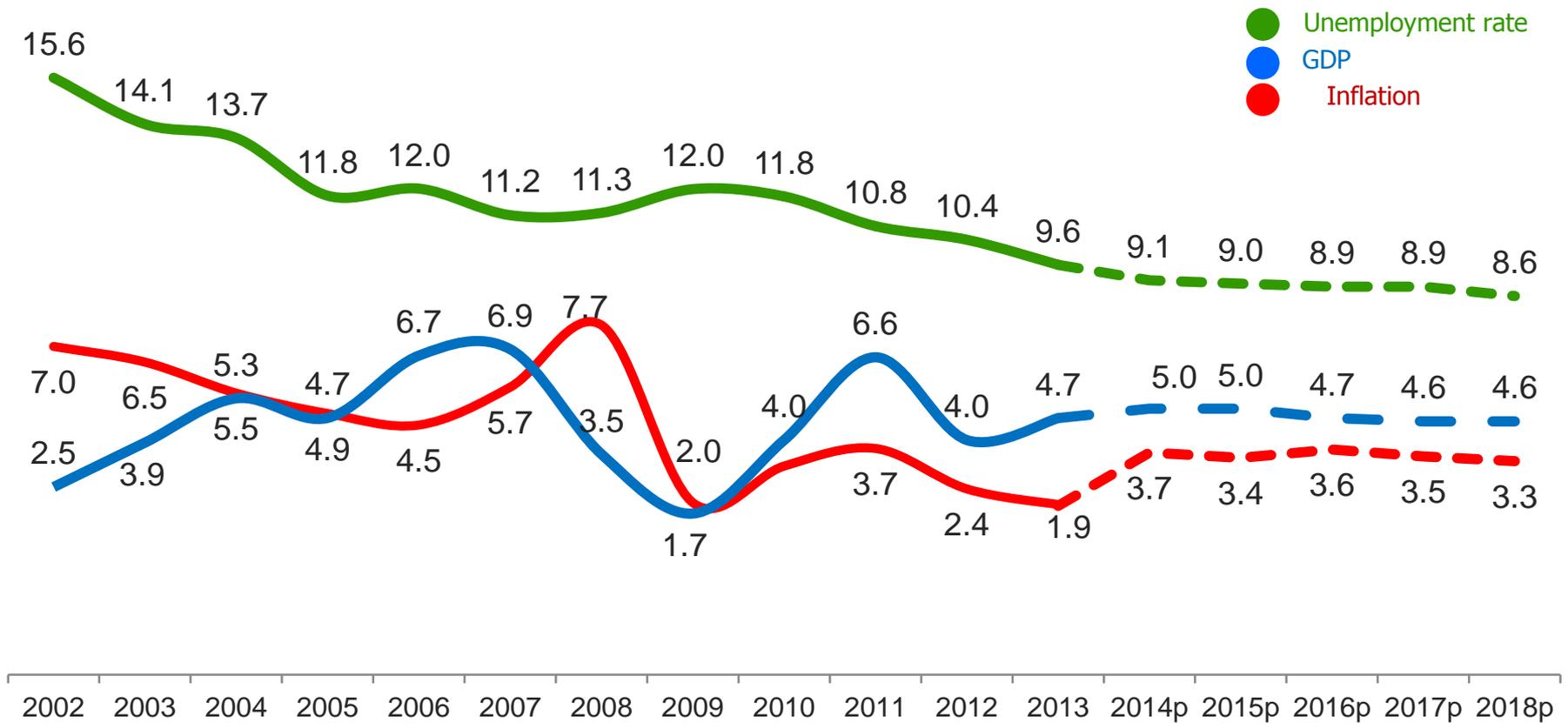
Low inflation

Inflation, percent variation
2014e



Macroeconomic stability and strong economic performance in the long term

GDP Growth, Inflation and unemployment Rate 2002 – 2018p (%)

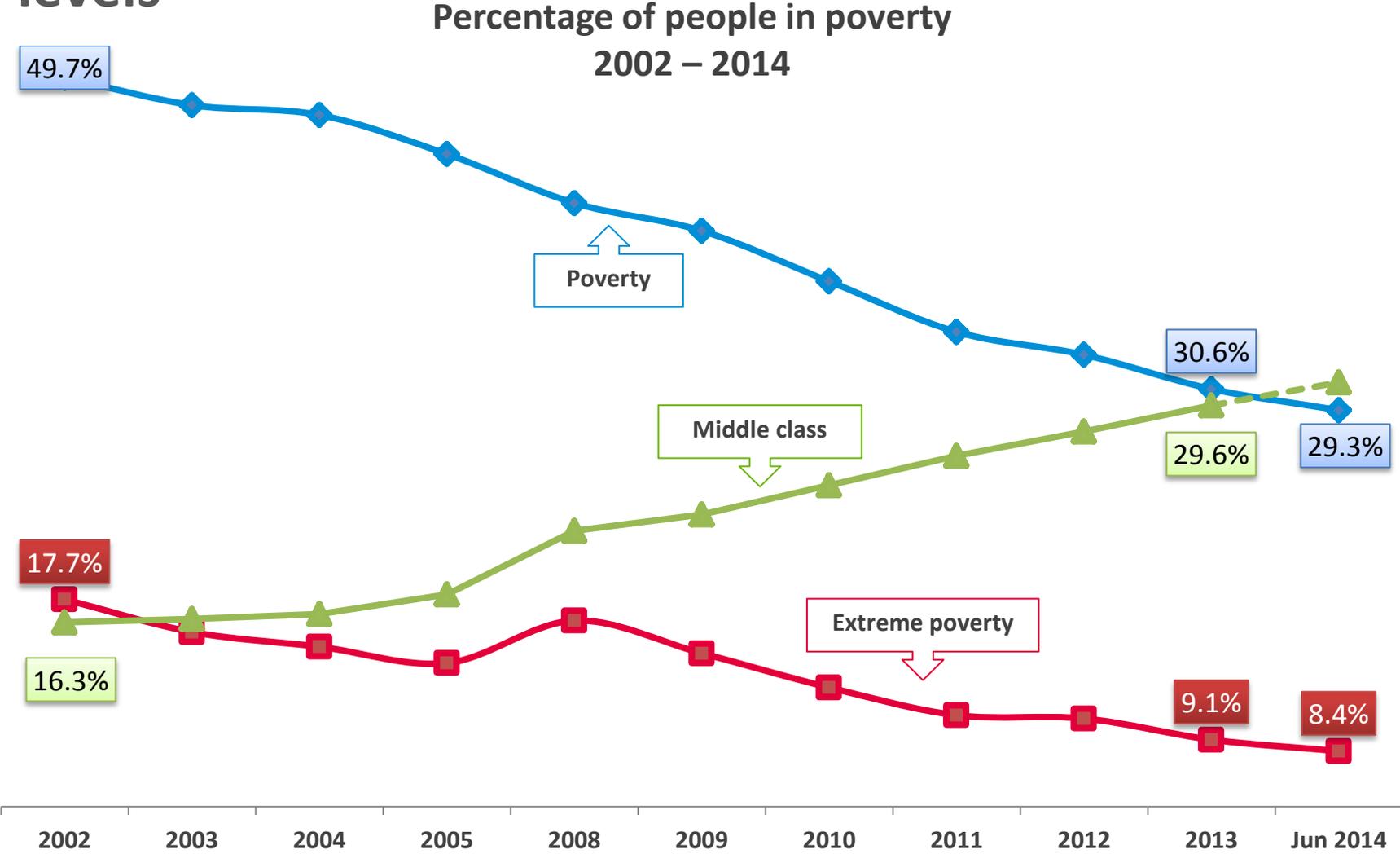


P: Projected

Source: DANE; Banco de la República; Fedesarrollo July 2014, EIU - Economist Intelligence Unit . 2014

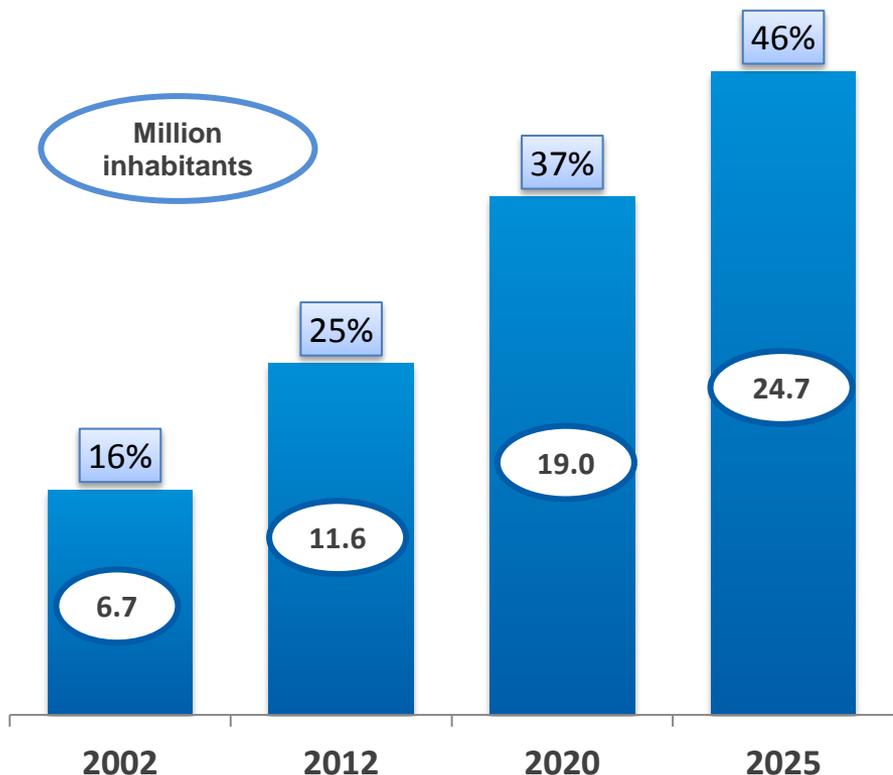
* 2014 inflation and unemployment rate given by DANE

Colombia has continuously decreased its poverty levels

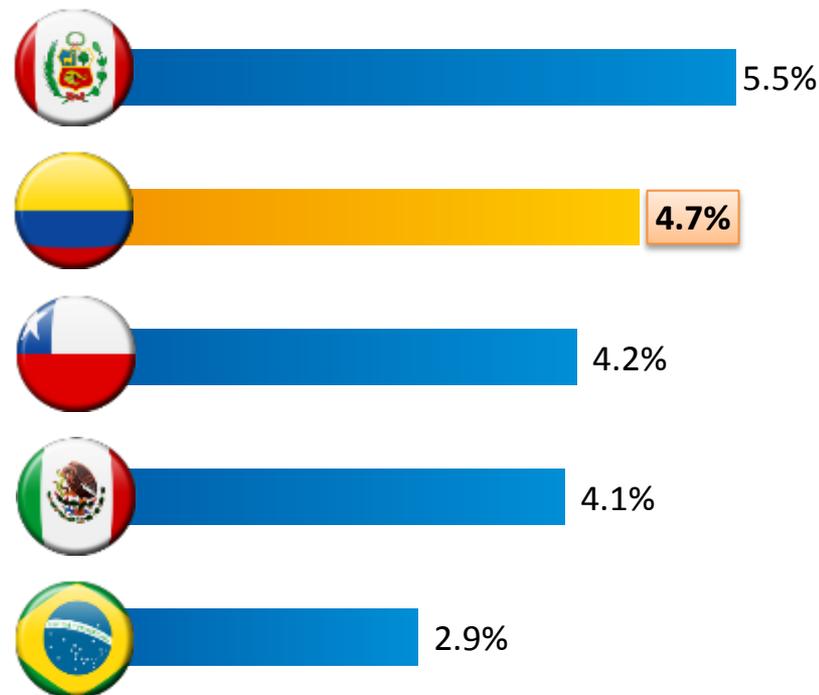


A rapidly expanding middle class

Middle class* in Colombia as a percentage of total population

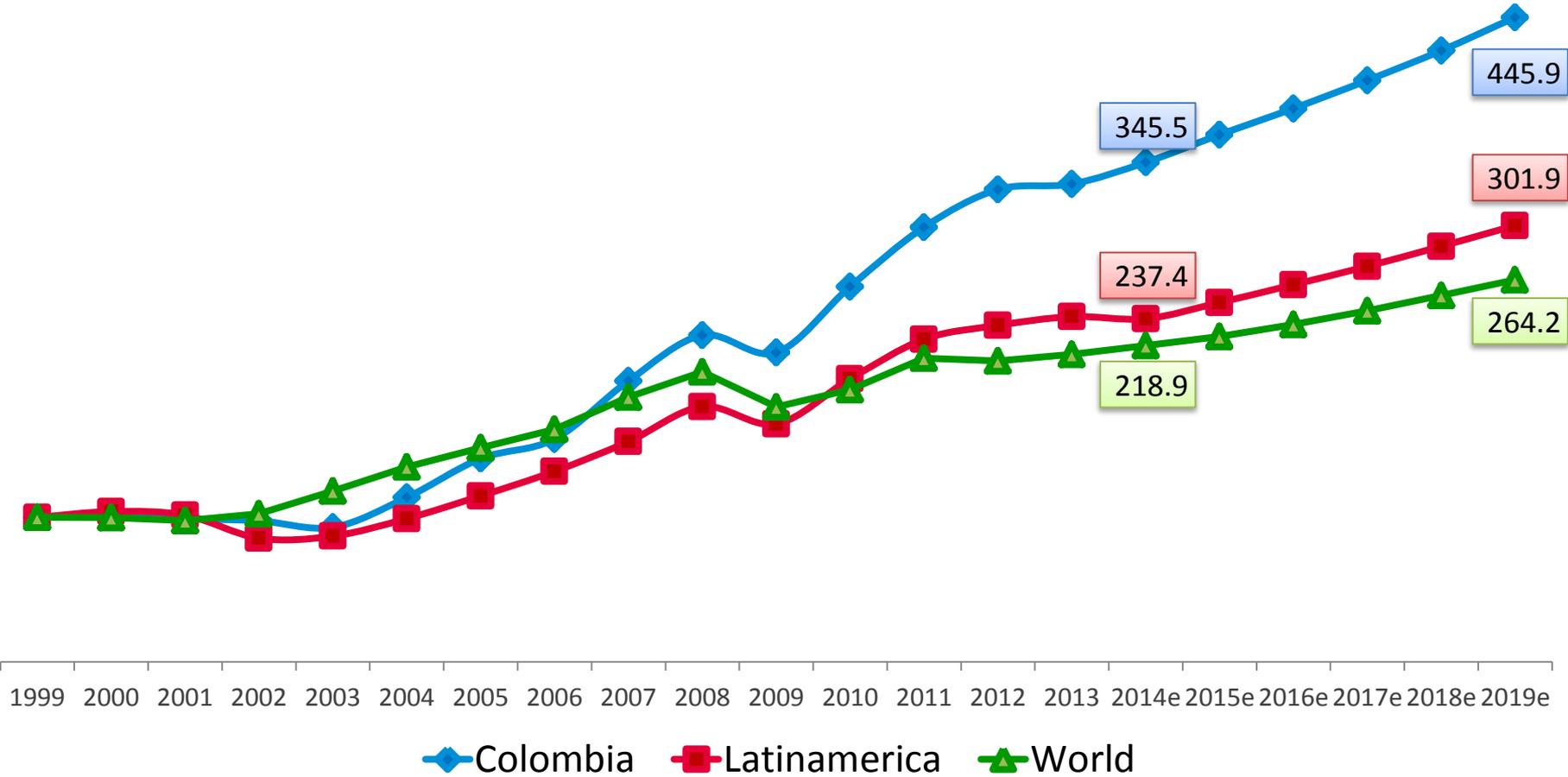


Average real growth of consumer expenditure, 2014 – 2018

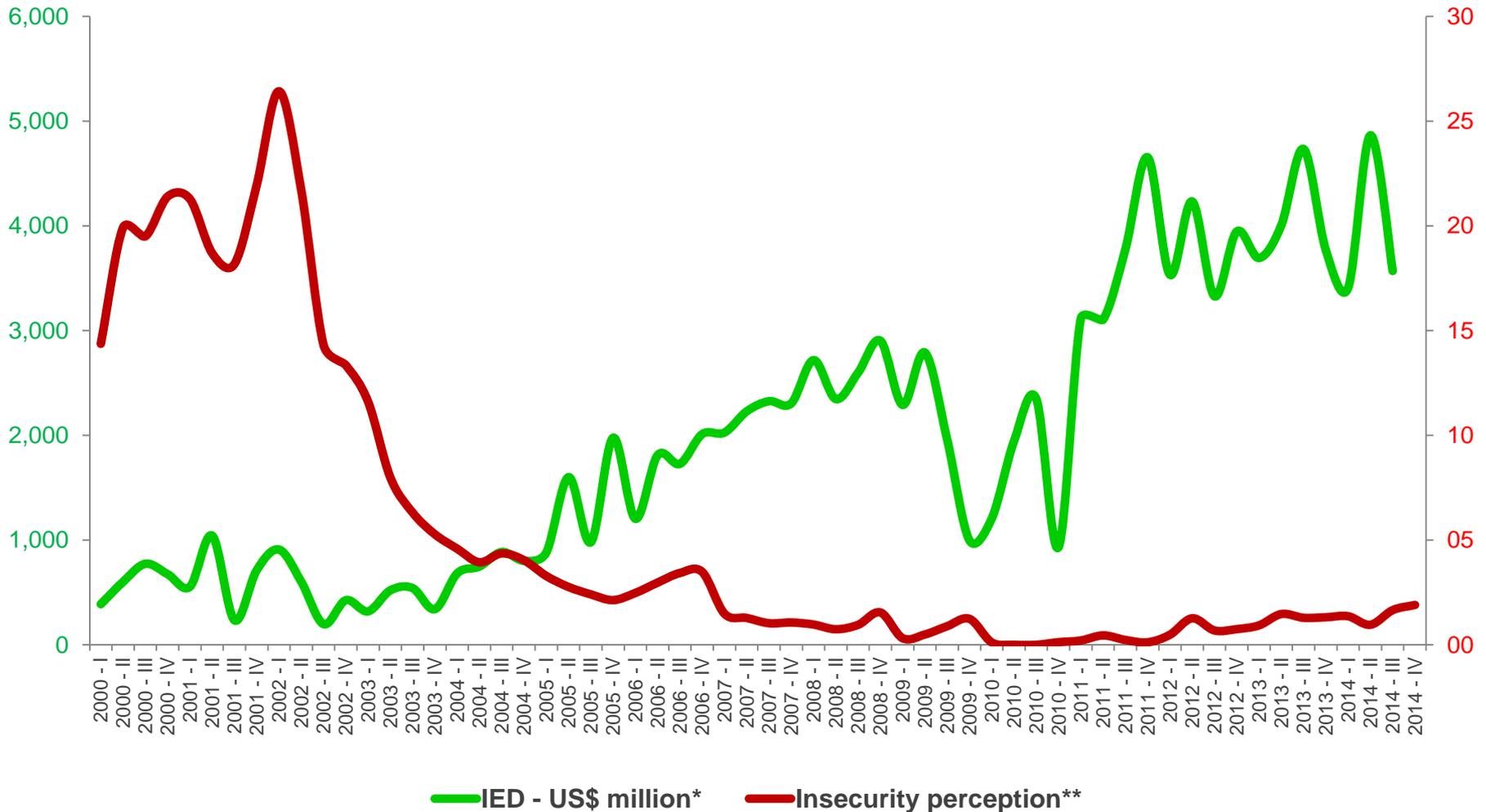


Significant progress in terms of purchasing power

Index of GDP per capita at current prices, 1999 – 2019e
1999=100



Economic growth, Investor Confidence and Security



* Figures do not include FDI registered for SabMiller acquisition of Bavaria in 2005 (USD 4,800 MM).

** Perception of insecurity as a key issue affecting industrial growth in the country. Monthly Industrial Survey -ANDI.

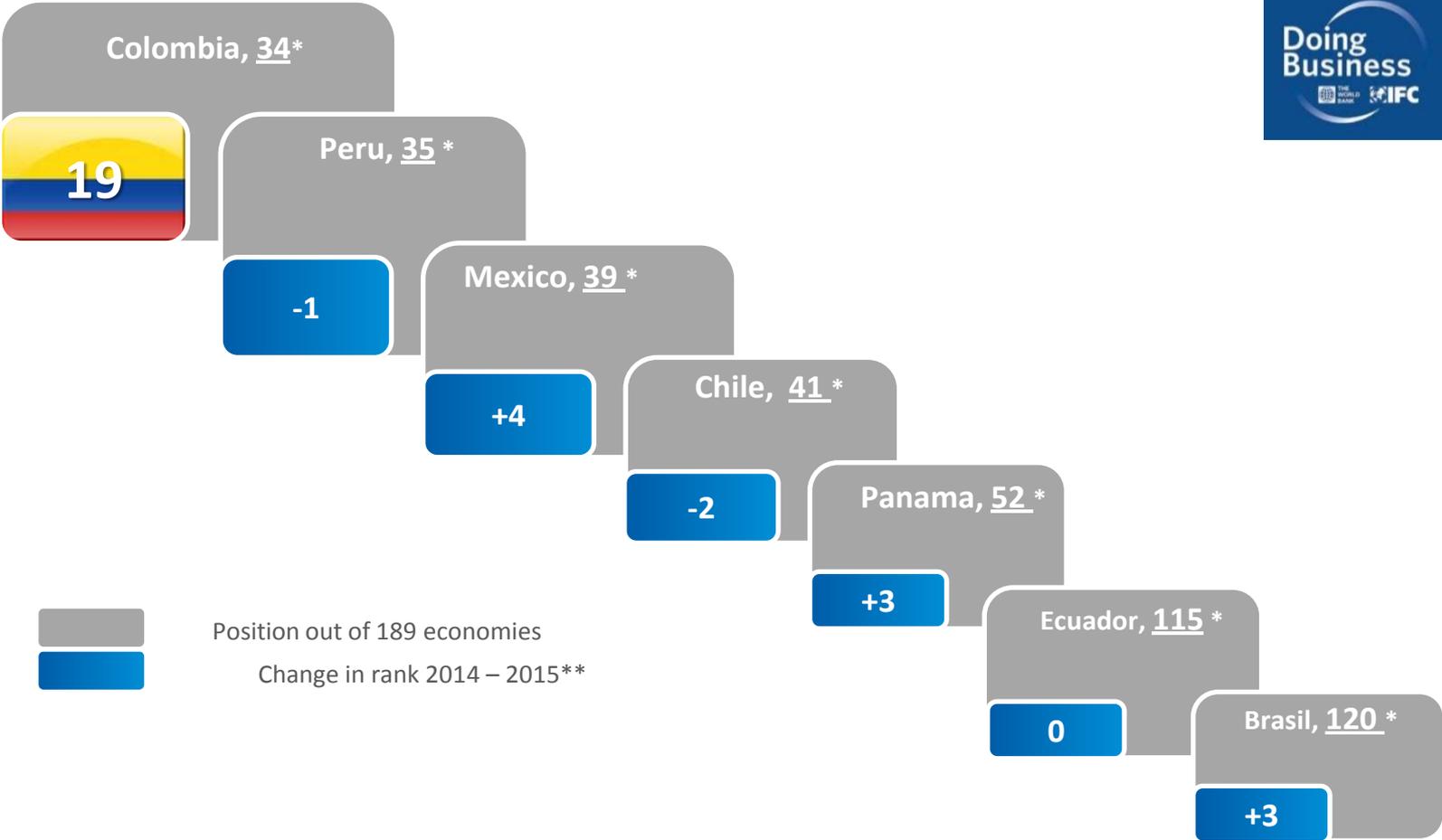
Colombia, an investment-grade country with positive outlook

	Term	Rating	Perspective
	Long Term – Foreign currency	BBB	Stable
	Long Term – Foreign currency	BBB	Stable
	Long Term – Foreign currency	Baa2	Positive

In July 2014, **Moody's** was the last rating agency in improving Colombia's rating due to two key drivers:

1. Positive growth forecast thanks to 4G infrastructure
2. A sound fiscal management that will continue in the future

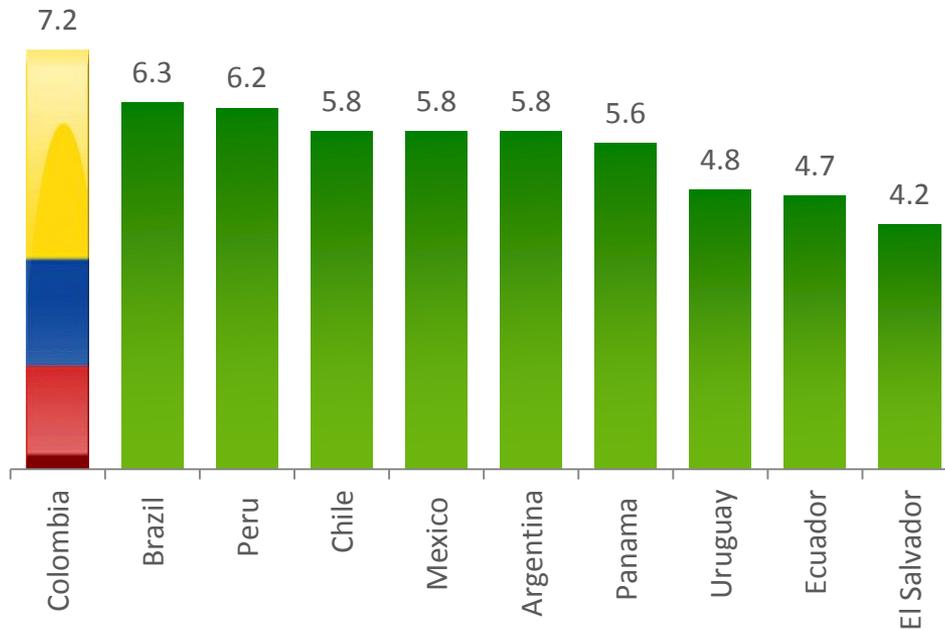
Colombia tops the region as the best country for doing business in 2015



Position out of 189 economies
Change in rank 2014 – 2015**

Colombia is the leader in terms of Investor Protection in the region and 10th worldwide.

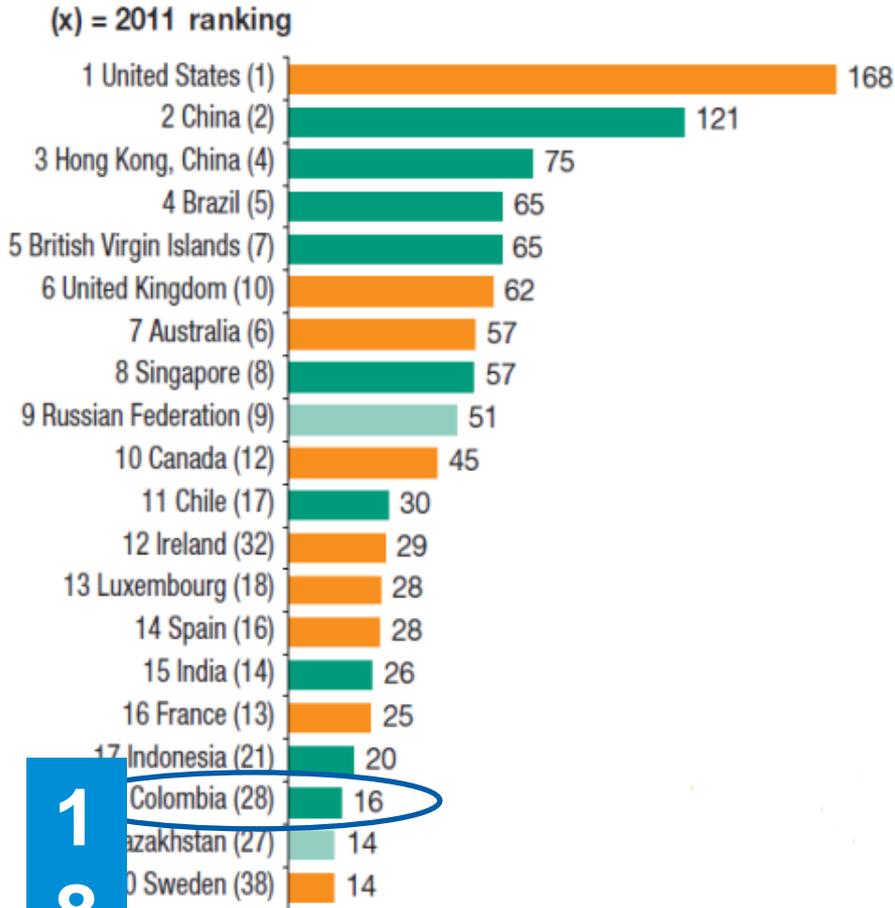
Investment Protection Index
Doing Business - 2015



Ranking	Country
10	Colombia
35	Brazil
40	Peru
56	Chile
62	Mexico
62	Argentina
76	Panama
110	Uruguay
117	Ecuador
154	El Salvador

Two years in a row as one of the top 20 destinations for FDI

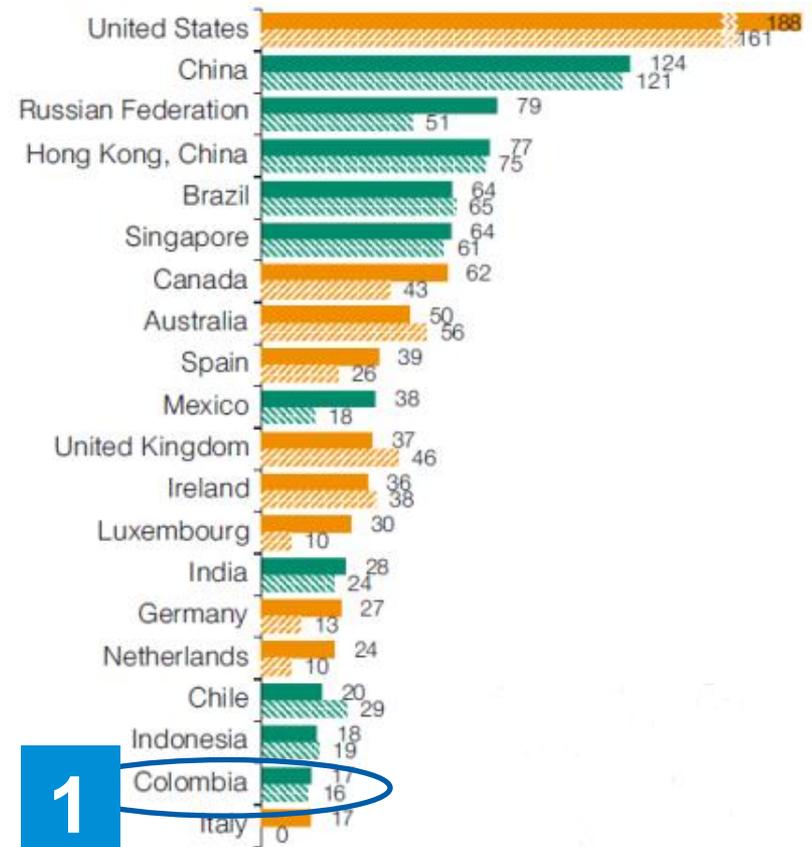
Top 20 host economies in 2012
USD billion



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Top 20 host economies in 2013
USD billion



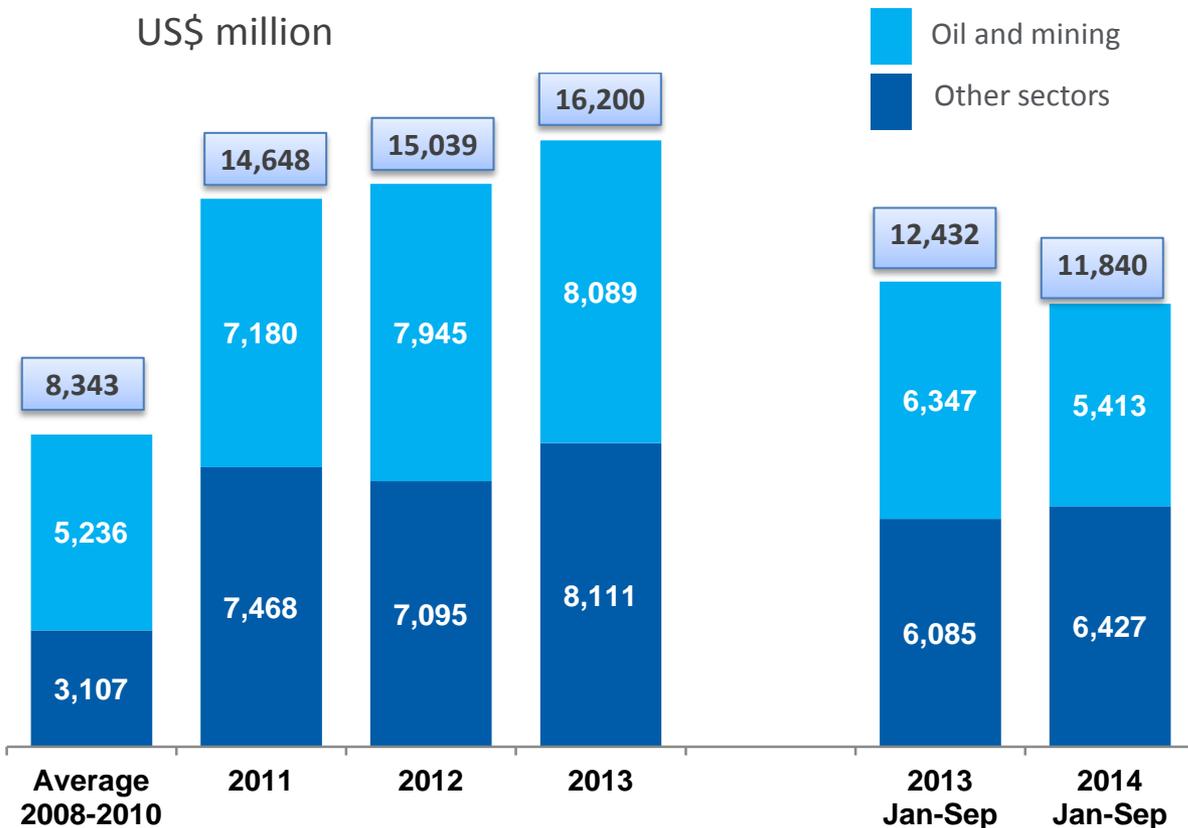
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AND DEVELOP
UNCTAD

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In 2013 Colombia reached a new record in FDI: Nearly 10 times of what it received 10 years ago

FDI Inflows. 2008 –2014 III Q
US\$ million



FDI record in sectors different from oil and mining
(January-September 2014*)

Top Investing Countries in
Colombia 2000– 2014 III Q



Source: Balance of Payments - Banco de la República.

Share of all countries with positive cumulative investment, The information includes reinvested profits or investments in the oil sector

Note: the list of the top countries investing in Colombia does not include Panama.

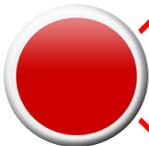
Important multinationals have recently chosen Colombia as a location for new projects



The multinational Unilever, opened one of its most advanced detergent plant worldwide, through which it seeks to supply domestic and foreign markets



Hewlett Packard, the North American multinational in information technology, opened a global service center in Medellin.



Japanese fiber optic cable manufacturer, Furukawa, opened a production plant in Palmira, Valle del Cauca in order to take advantage of Colombia's FTA's.



Mexichem invested a total of US\$ 24 million to increase its production capacity in Colombia.



Hero Motors invested in a production plant in Cauca, for covering Colombian market with a possibility of reaching Brazilian market from Colombia.

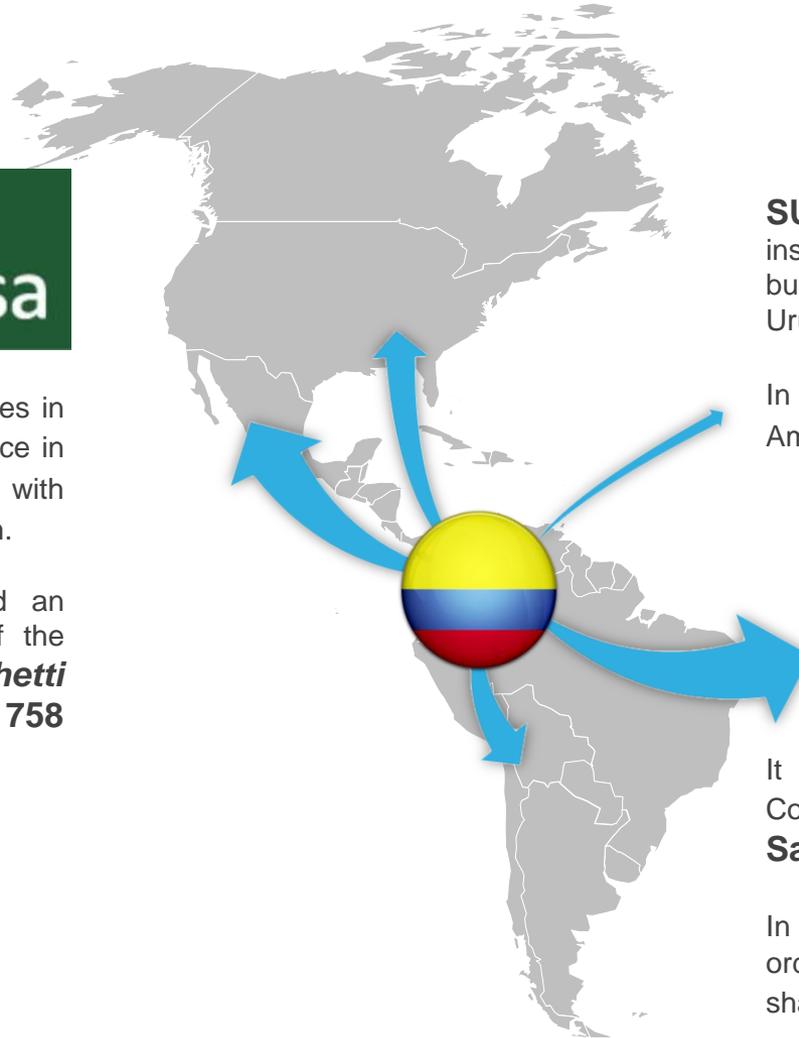


Some examples of high profile Colombian “multilatinas”



One of the largest food companies in Colombia, **Nutresa** has presence in **12** countries in Latam, with manufacturing plants in **8** of them.

Recently, the company signed an agreement to acquire 100% of the shares in **Tresmontes Lucchetti S. A.** in **Chile** for **USD 758 million.**



SURA Brand is currently well known in the insurance, pension and investment fund business through its operations in Mexico, Peru, Uruguay and Chile.

In 2011, the group bought **ING** assets in Latin America for **USD \$ 3,614 million.**



It is the largest financial conglomerate in Colombia. The Group has subsidiaries in **El Salvador, Panama, and Puerto Rico.**

In 2012, **Bancolombia** acquired 100% of the ordinary shares and 90.9% of the preferred shares of **HSBC Bank** in **Panama.**

Some examples of high profile Colombian “multilatinas”



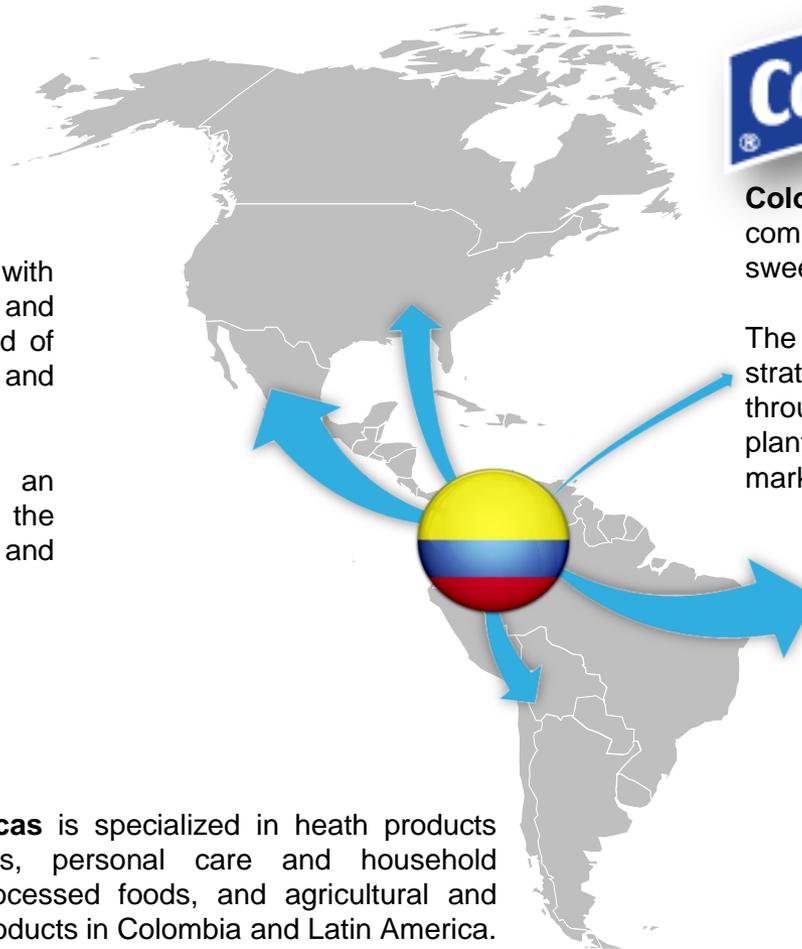
Carvajal SA, is a conglomerate with presence in **15 countries** and recognized for its role in the field of packaging, stationery, design and advertising.

In 2013, **Carvajal S.A** made an investment of **\$ 23.7 million** for the construction of a manufacturing and distribution center in **Peru**.



Tecnoquímicas is specialized in health products and services, personal care and household cleaning, processed foods, and agricultural and veterinary products in Colombia and Latin America.

The company has direct presence in Central America through its **3** production plants in **El Salvador**.

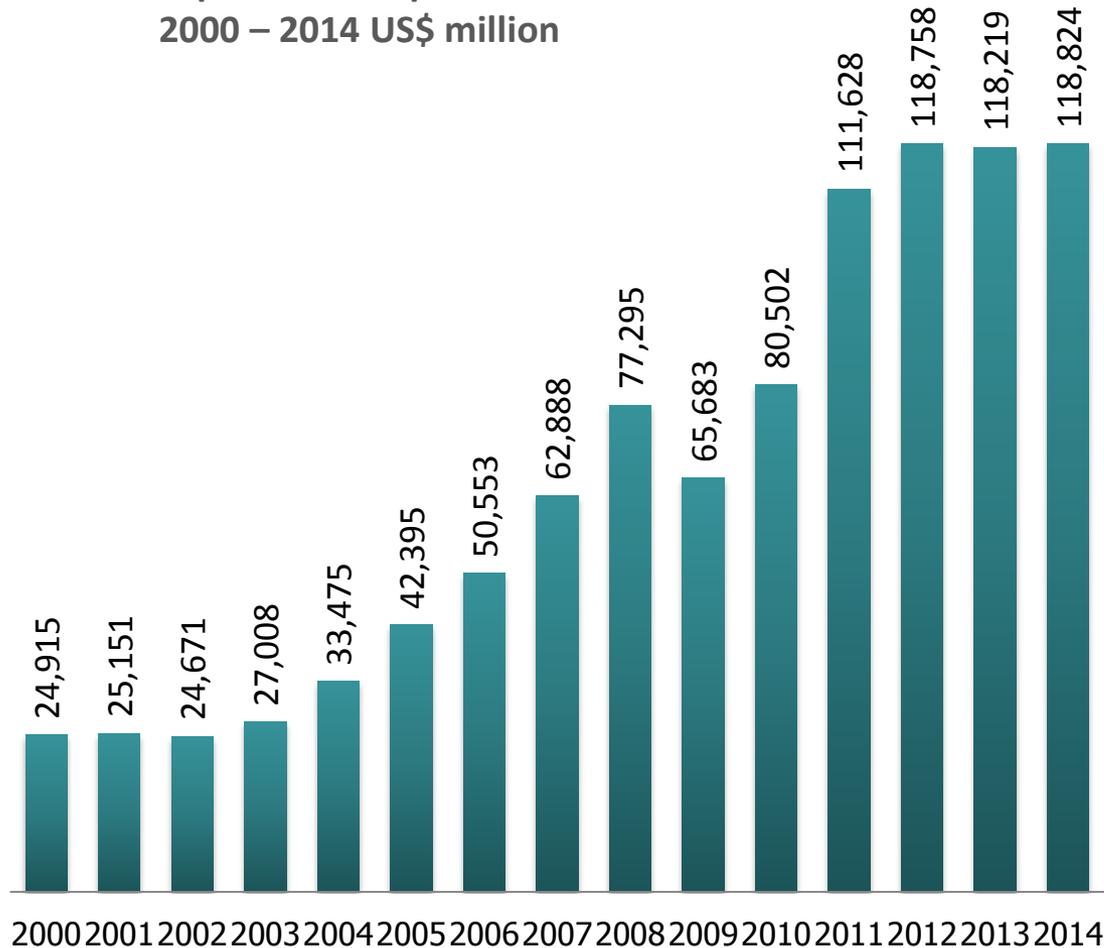


Colombiana SA is one of the country's leading companies in the production and marketing of sweets, chocolate and biscuits.

The company has strengthened its international strategy with the opening of **11 branches** throughout the Americas and has a production plant in **Guatemala** to supply the American market.

Total trade increased fourfold in the last 10 years.

Exports and Imports.
2000 – 2014 US\$ million



■ Total International Trade (X+M)

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Source: DANE.
Traditional and non traditional exports are included

Top commercial partners 2014

United States



- Exports: US\$ 14,106million
- Imports: US\$ 18,193

China



- Exports: US\$ 5,755 million
- Imports: US\$ 11,790

Mexico



- Exports: US \$914 million
- Imports: US\$ 5,273

India



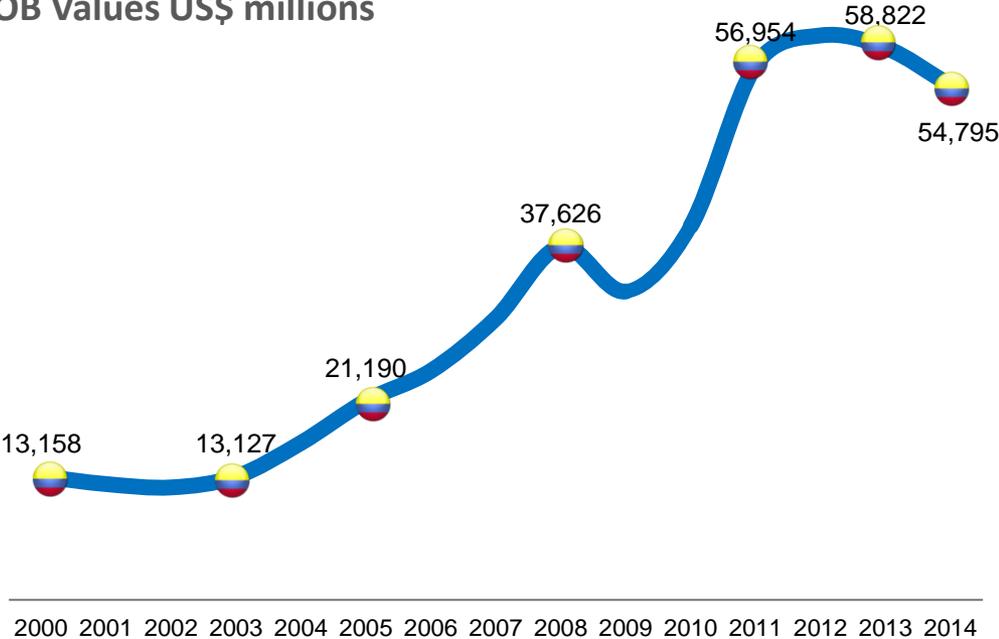
- Exports: US \$2,739 million
- Imports: US\$ 1,369

million



Colombia shows a remarkable growth of its exports.

Exports. 2000 – 2014
FOB Values US\$ millions



Top export non – traditional products
2014



Fresh Flowers
2.5%



Plastic in primary forms
1.9%



Banana
1.5%



United States
25.7%



China
10.5%



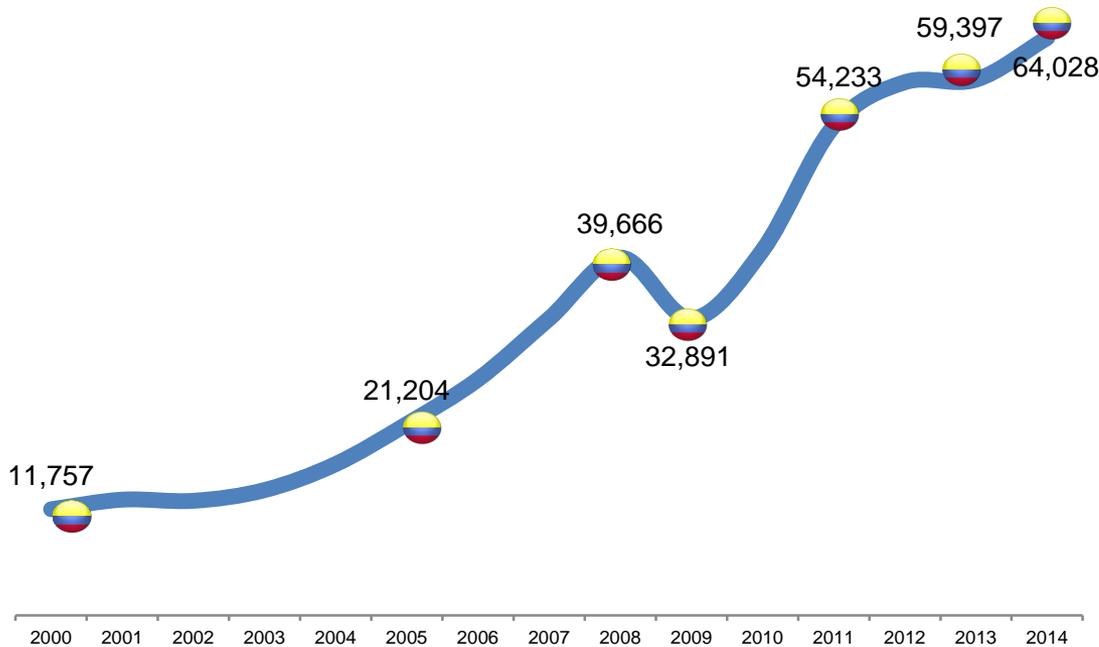
Panama
6.6%



Spain
6%

Imports also have increased rapidly.

Imports 2000 – 2014
CIF Values - US\$ million



Top imports by origin 2014



Oil & its derivatives
11.7%



Vehicles
7.5%



Telecommunications
and sound
7%



United States
28.7%



China
18%



Mexico
8.1%



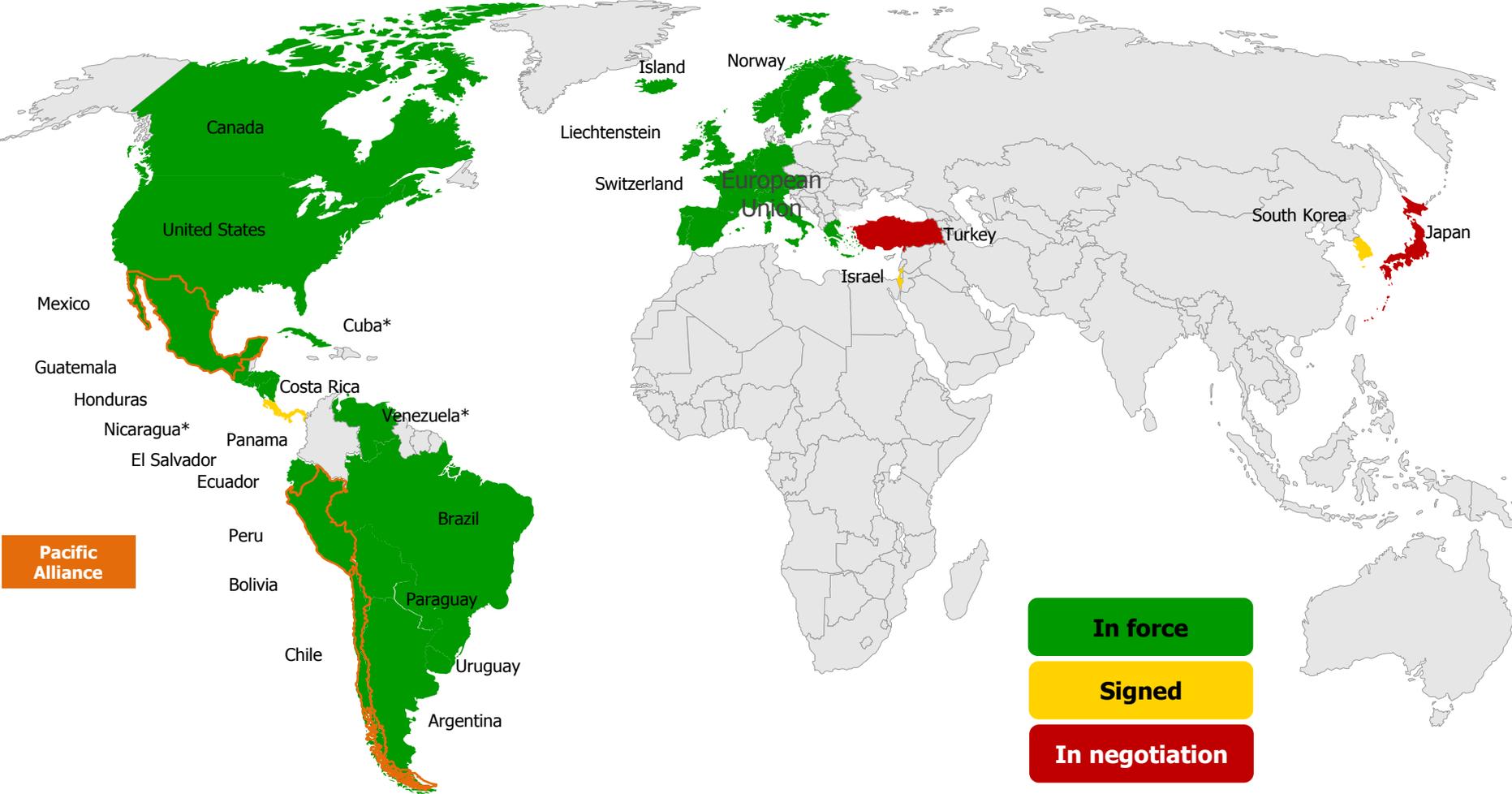
Germany
3.9%

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* Countries and product participations are updated to October 2014, the proportion won't change drastically at the end of the year.

Source: DANE

Colombia has access to more than 45 countries and 1,500 million consumers through its network of FTAs.



*These are Partial Scope Agreements (PSA)

--- The dotted line refers to member countries of The Pacific Alliance other than Colombia. – Chile, Peru and México.

Source: Colombian Ministry of Commerce, Industry and Tourism.

Colombia: A gateway to the Pacific Alliance



Population of 214 million
Almost Brazil's Population

47% of the regional FDI
Total FDI of US\$ 85,488 million (2013)

FTAs with 60 countries
Access to benefits of markets that represent 85.7% of the World GDP

GDP of USD 2,123 billion
The members generate 35% of the region's GDP

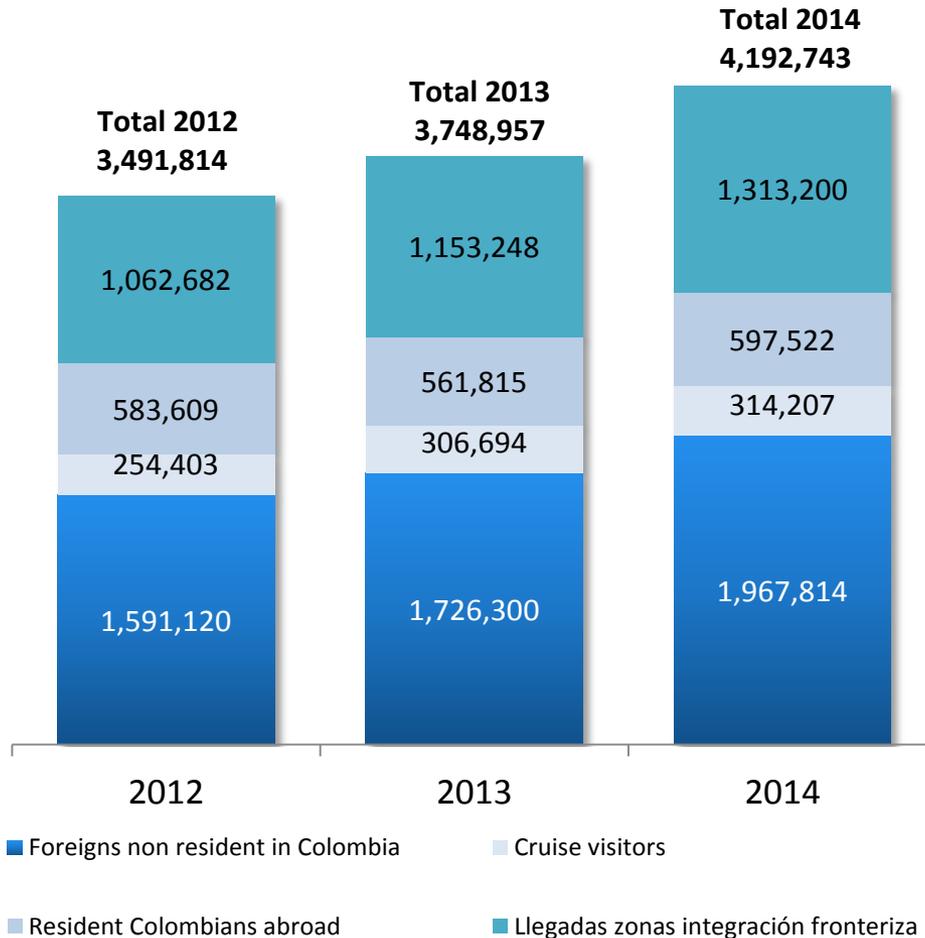


MILA is the first cross border initiative to integrate equities markets, without any sort of merger or global corporate integration, using only technological tools along with

Listed companies: **590**

Colombia is more attractive for international travelers

Inbound tourist 2012 - 2014

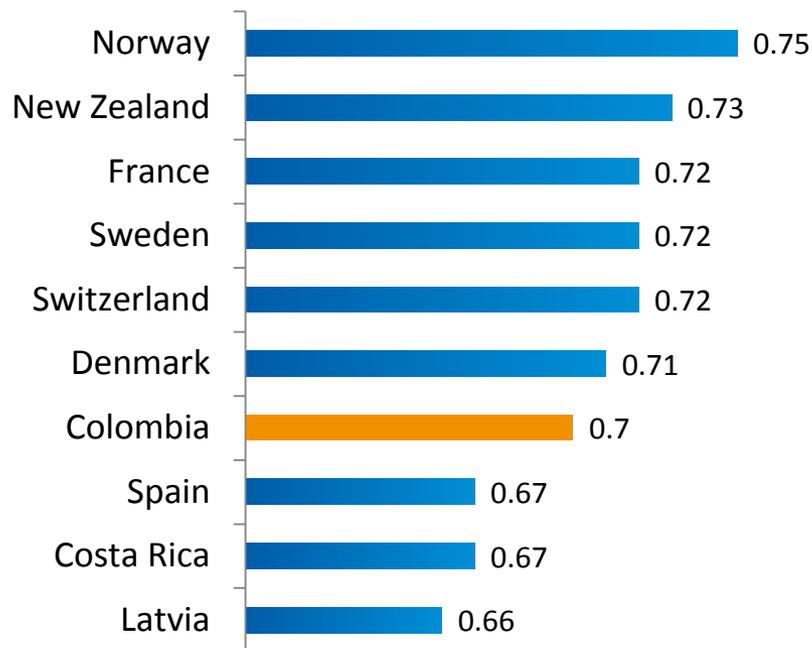


Main origin countries 2014



Sectors of opportunity – Energy: A diversified source base and a pivotal location in the Americas

The Global Energy Architecture Performance Index 2014



103 Power Generation projects in different stages: Installed capacity of **4,974 MW***

13 power transmission projects in different stages*

High potential in Biofuels and alternative energies

Colombia was ranked **first in Latin America** and **seventh in the world** according to the “Energy Architecture Performance Index 2014”. WEF, 2014.



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Source: World Economic Forum 2014 and UPME

* UPME (Colombian Planning Unit of Mines and Energy)



Sectors of opportunity – Infrastructure: A major drive for growth



Fourth Generation of PPP'S (4g) –

Roads: US\$ 24 Bill.

- Intervention of **8.000 Km** of Roads
- **1.300 Km** of new Roads
- **40** new concessions

Opportunities to develop air, road, river and airport infrastructure



Ports: US\$ 2,1 Bill. (2015-2018)



Improvement of the Magdalena **river navigability: US\$ 1.3 Bill.**



Airports: interventions **US\$ 1.8 Bill** (10 projects) and constructions **US\$ 2.3 Bill** (2 projects). **(2015-2018)**



Step **Rail Ways** Concession Program (feasibility study – step 2) **US\$ 4.2 Bill.**

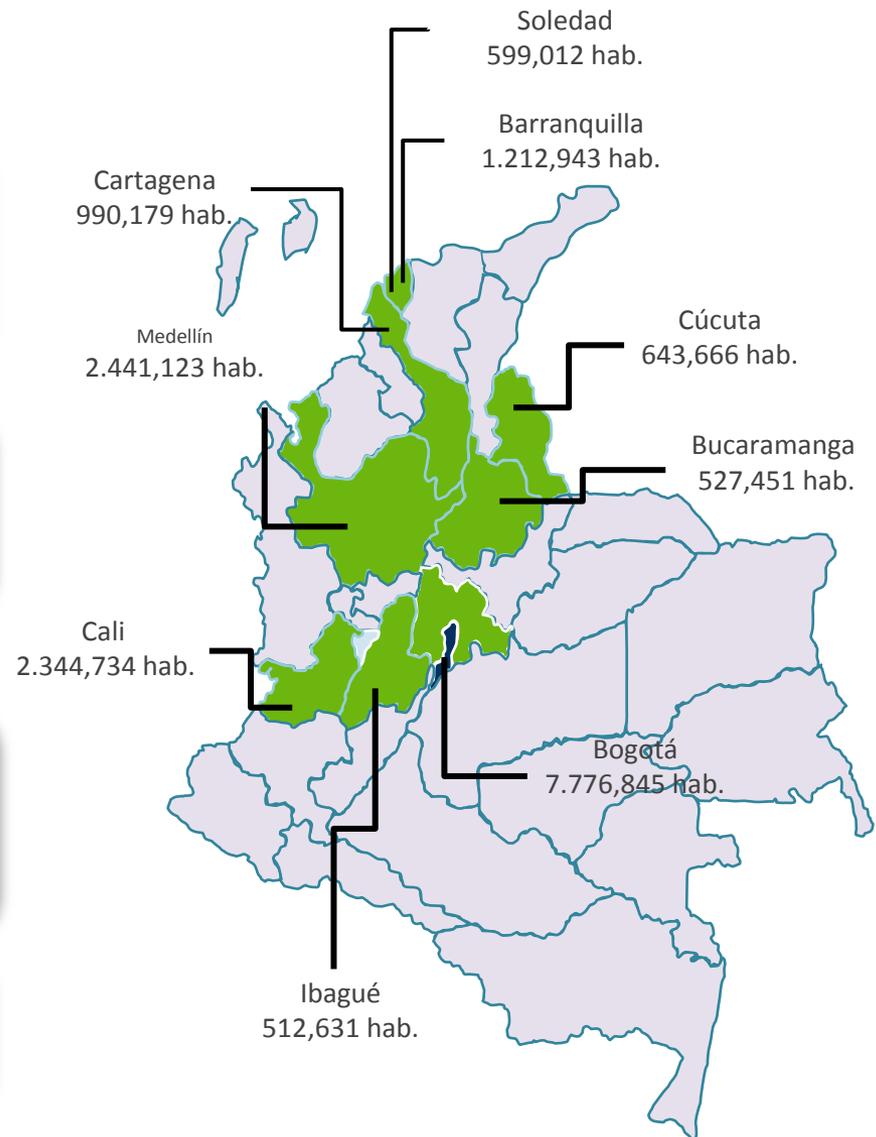
Opportunity sectors – Manufactures for the local and foreign markets.

Building materials, cars and parts, clothing, cosmetics and cleanness products, electric machines, others.

More than **400.000 graduates** and specialists in engineering related areas between 2000 and 2011

Colombia has a **business network** of more than **3,700 industrial companies** with export experience

9 cities with more than **500 thousand citizens**



Sectors of opportunity – Services IT, BPO, ITO, Shared Services, Apps



The broadband connections increased from 2,2 to 8,8 millions between 2010 and 2014



In the next 4 years, the broadband connections will be tripled reaching 27 million connections

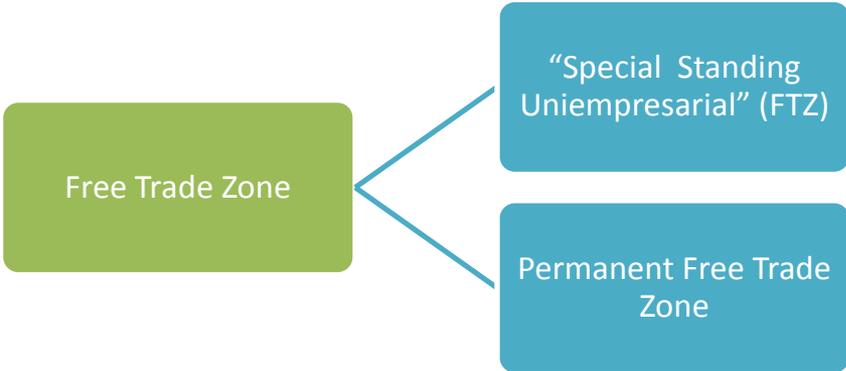
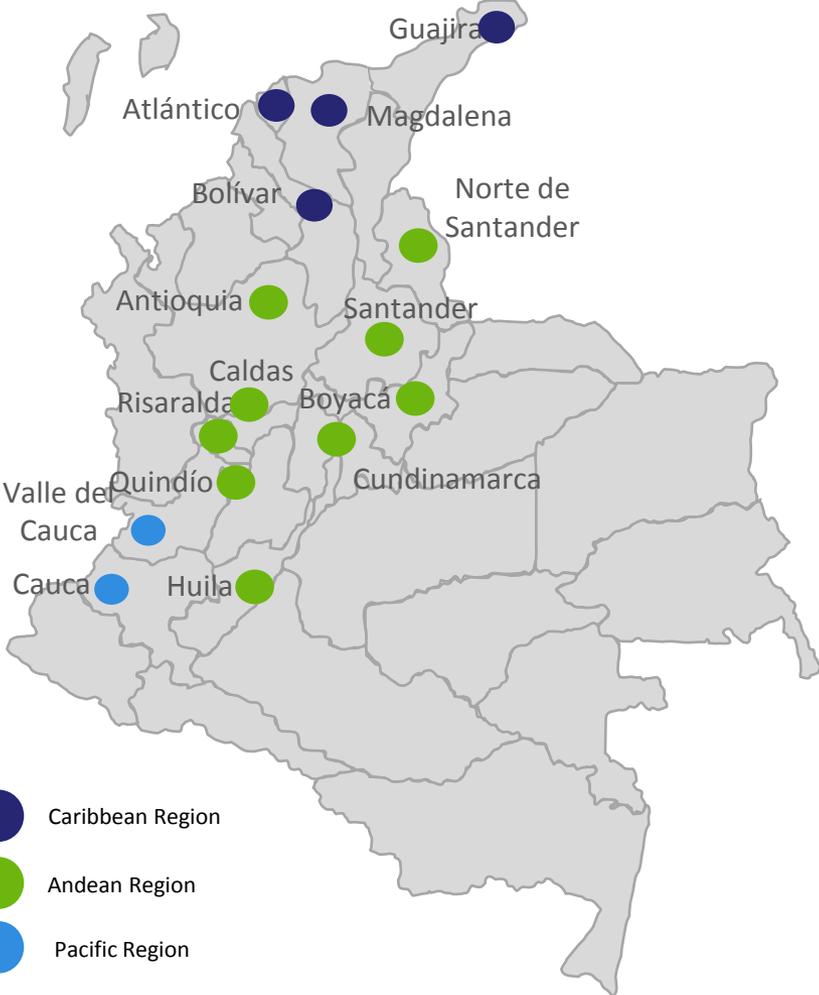
Colombia is one the three major providers of IT services in the region.

2 years in a row showing double-digit sales growth

Some foreign players in Colombia



Free Trade Zones: Reduced income tax and sales allowed to the local market



FTZ requested or approved prior to December 31, 2012. 15% Income tax.

FTZ filed after December 31, 2012. Income tax of 15% + 9% tax CREE.

FTZ filed after December 31, 2014: income tax 15% + CREE 9% + additional CREE tariff 5% for 2015. The additional CREE tariff increases per year

MERCI THANK YOU OBRIGADO DANKE 감사합니다 СПАСИБО 谢谢 TEŞEKKÜRLER
ありがとう TERIMA KASIH DZIĘKUJĘ GRACIAS MERCI THANK YOU OBRIGADO
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THANK YOU



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 GOVERNMENT OF COLOMBIA