



Colombia

Major Business Sectors

Compiled by:

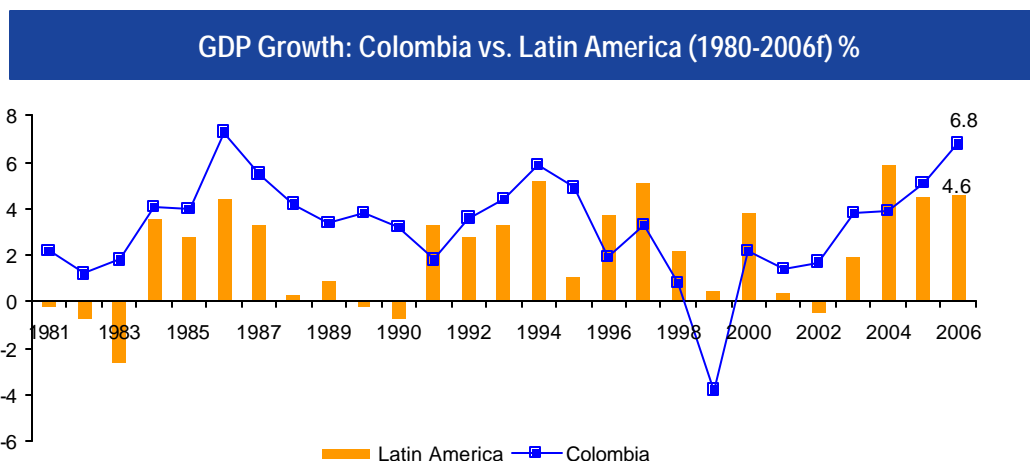
Swiss Colombian Chamber of Commerce

Bogota, October 2007

Overview and trends

Colombia is one of the most stable economies in Latin America, as shown by its above average steady economic growth that in 2006 reached 6.8%.

Macroeconomic indices also reflect the country's stability. The inflation rate has been substantially reduced over the last few years to reach 4.5% in 2006. Foreign debt has been reduced by more than 20% of the GDP in the past few years. In 2002, foreign debt accounted for 51% of the GDP and 30.6% in 2006.



Source: ECLAC, DANE, Forecasts ECLAC and National Planning Department

Some Recent Strategic Alliances / Acquisitions

It is important to state that during the last 6 years Foreign Direct Investment (FDI) has grown in Colombia. In 2004, FDI was US\$ 3,084 million increasing to US\$ 10,255 million in 2005.

SABMiller's acquisition of Colombia's main brewery, Bavaria, in 2005, was one of the biggest and most important foreign investment cases in the country, for this reason, it is expected to have a tremendous impact on the foreign investment figures correspondent to this period.

According to the Latin American and the Caribbean Economic Commission, ECLAC, between 1990 and 2004, Colombia was among the top destinations for Foreign Direct Investment (FDI) in Latin America, reaching an average of US\$ 1.9 billion per year, following Brazil, Mexico, Argentina, Chile, and Venezuela. Within the Andean Community, Colombia and Venezuela were the preferred destinations.

This outstanding performance is mainly the result of the macroeconomic stability, a successful democratic Security and Defense policy and a favorable foreign investment regimen.

This last one allows profits and capital to move outside of the country without any limitations and gives the foreign investor the same treatment given to the national one. At the same time, it allows foreign capital in every economy sector but in those activities related to Defense and National Security and to the processing of toxic or radioactive disposals not produced in the country. On the other hand, the hydrocarbon and mining, and the financial and insurance sectors are submitted to prior authorization from the government.

Colombia also counts on appealing incentives as tax benefits, special trade regimens and exporting incentives exclusively designed to promote foreign and local investment. Foreign investment is protected by several international agreements such as the Overseas Private Investment Corporation - OPIC, the Multilateral Investment Guarantee Agency - MIGA and the International Center for the Settlement of Investment Disputes - ICSID.

2006 Main Foreign investment cases

During 2006, there were several foreign investments cases as follows:

Swiss Glencore International AG acquired 51% of Cartagena refinery; investing US\$ 656.4 Million; Millicom International from Luxemburg bought Colombia móvil (Ola) with an investment of US\$ 479.9 Million; the French Groupe Casino Acquired Carulla Vivero; paying US\$ 110 Million; Sinergy from Brazil which had bought Avianca, expanded its fleet. Investing US\$ 355 Million.

The South African Sab Miller invested in Valle del Cauca plant US\$ 175 Million; Sinopec Corp from China and ONGC from India acquired 50% of Omimex Colombia with an investment of US\$ 55 Million; the American Chevron Texaco invested US\$ 110 Million to increase gas production; the Spanish Abengoa will build a system of generation, transformation and distribution of energy which cost will be US\$ 47 Million and Kimberly from USA will invest US\$ 40 Million to increase the offer of products in Colombia.

Domestic

Period: 2006

| Business sector | % of GDP | Change from previous year | Value in USD m |
|--|----------|---------------------------|----------------|
| Agriculture and livestock, forestry, hunting and fishing | 11 | 0 | 17,351 |
| Mining and quarrying | 6 | 0 | 9,994 |
| Electricity, gas and water | 4 | 0 | 6,297 |
| Manufacturing | 15 | 0 | 24,014 |
| Construction | 7 | 1 | 11,069 |
| Commerce, restaurants and hotels | 11 | 1 | 17,141 |
| Transportation and communication | 7 | -1 | 11,660 |
| Financial, insurance, real state and service companies | 14 | 0 | 21,857 |
| Services | 19 | -1 | 31,067 |
| Financial intermediation services indirectly measured | 4 | 0 | 6,034 |
| Others | 2 | 0 | 3,792 |
| GDP | 100 | | 160,276 |

Source: DANE - Central Bank

Imports

Period: 2006

| Business sector | % of imports | Change from previous year | value in USD m | main countries of origin |
|--|---------------|---------------------------|----------------|--|
| Agriculture and livestock, forestry, hunting and fishing | 4.74 | 0.10 | 1,241 | Canada, Chile, USA, Ecuador |
| Mining Sector | 1.04 | -0.05 | 272 | USA, EU, Ecuador, Belgium, Japan, Mexico |
| Industrial Sector | 94.11 | 0.16 | 24,622 | USA, EU |
| Foodstuffs and beverages | 4.73 | -0.01 | 1,237 | USA, EU, Canada |
| Tobacco Products | 0.09 | -0.02 | 24 | Italy, Brazil, Chile, Venezuela |
| Textiles manufacturing | 2.94 | 0.03 | 768 | Mexico, USA, Venezuela, Germany, Ecuador, Peru, and Brazil |
| Clothes manufacturing | 0.41 | 0.03 | 108 | USA, Mexico |
| Leather and by- products; footwear | 0.89 | 0.02 | 234 | China |
| Wood Industry | 0.31 | -0.09 | 81 | Ecuador, Venezuela, Chile, China |
| Paper, carton and its products | 2.33 | -0.06 | 609 | Chile |
| Printing and edition activities | 0.55 | -0.12 | 143 | Ecuador, USA, Brazil |
| Oil refining products manufacturing | 1.86 | -1.03 | 487 | USA, Germany, Ecuador, Belgium, Japan, Mexico, Peru |
| Chemical substances and products manufacturing | 20.18 | 0.01 | 5,280 | USA, Mexico |
| Rubber and plastic products manufacturing | 3.35 | 0.08 | 876 | USA, Mexico |
| Other non methalic mineral products | 1.18 | 0.36 | 308 | USA |
| Basic methalurgic products manufacturing | 7.67 | 0.09 | 2,007 | USA; Brazil |
| Metal Products | 1.68 | 0.10 | 440 | USA, Peru, Brazil |
| Machinery and equipment manufacturing | 11.20 | 0.03 | 2,929 | USA, Germany, Brazil, China |
| Office machinery manufacturing | 3.28 | -0.13 | 859 | USA, Brazil |
| Electric machinery and devices manufacturing | 2.85 | -1.17 | 745 | Mexico, China, USA, Brazil |
| Telecommunications equipment manufacturing | 8.62 | 0.28 | 2,256 | USA, Mexico, China |
| Medical devices manufacturing | 3.09 | 1.85 | 808 | USA |
| Vehicles manufacturing | 10.68 | -0.65 | 2,794 | USA, Korea, Venezuela, Japan, Mexico, China |
| Other kind of transport manufacturing | 4.65 | 0.13 | 1,217 | China, USA |
| Furniture manufacturing, manufacturing industry | 1.37 | 0.08 | 359 | Ecuador, Venezuela, China |
| Recycling | 0.20 | 0.00 | 52 | USA |
| Other Sectors | 0.10 | 0.00 | 27 | USA, Austria, Taiwan; Mexico, China |
| Total Imports | 100.00 | | 26,162 | |

Source: DIAN-DANE

Exports

Period: 2006

| Business sector | % of Exports | Change from previous year | Value in USD m | Main Destination Countries |
|--|--------------|---------------------------|----------------|---|
| Traditional Exports | 48.42 | 2.68 | 11,810 | USA, Venezuela, Germany, Ecuador, Belgium, Peru, Japan, Mexico |
| Oil and derivatives | 25.95 | 0.76 | 6,328 | USA, Venezuela |
| Coffee | 5.99 | 0.30 | 1,461 | USA, Germany, Japan, Belgium |
| Coal | 11.94 | 0.87 | 2,913 | USA, Peru, Germany |
| Ferronickel | 4.54 | 0.75 | 1,107 | USA, Belgium, Japan |
| Non traditional Exports | 51.58 | -2.68 | 12,581 | USA, Venezuela, Ecuador, Belgium, Peru, Japan, Mexico |
| Agriculture and livestock, forestry, hunting and fishing | 7.63 | -0.45 | 1,862 | USA, Mexico, Venezuela, Haiti, |
| Mining Sector | 0.29 | -30.50 | 70 | USA, Venezuela |
| Industrial Sector | 43.06 | -17.24 | 10,502 | USA, Venezuela, Germany, Ecuador, Belgium, Peru, Japan, Mexico |
| Foodstuffs and beverages | 6.32 | -7.03 | 1,541 | Peru, Ecuador, Bolivia, EU |
| Tobacco Products | 0.13 | -0.03 | 33 | Spain, Argelia, USA, Mexico, France, Venezuela, Germany, Luxemburgo |
| Textiles manufacturing | 2.06 | -0.05 | 502 | USA, Peru, Ecuador, Bolivia |
| Clothes manufacturing | 3.34 | -0.40 | 815 | USA, Venezuela |
| Leather and by- products; footwear | 0.97 | 0.02 | 238 | USA, Venezuela |
| Wood Industry | 0.18 | 0.02 | 44 | USA, Venezuela, Dominican Republic, Peru |
| Paper, carton and its products | 1.61 | 0.09 | 394 | Austria, Venezuela, Ecuador, Costa Rica |
| Printing and edition activities | 0.98 | -0.11 | 239 | Peru, Ecuador, Venezuela |
| Chemical substances and products manufacturing | 7.40 | -0.12 | 1,806 | Venezuela, Ecuador |
| Rubber and plastic products manufacturing | 2.33 | 0.08 | 569 | USA, Venezuela |
| Other non methalic mineral products | 2.13 | 0.13 | 519 | USA, Venezuela, Ecuador |
| Basic methalurgic products manufacturing | 6.59 | -2.31 | 1,607 | EU, USA, Peru, Ecuador, Bolivia |
| Metal Products | 1.11 | 0.08 | 270 | China, Korea, Taiwan, |
| Machinery and equipment manufacturing | 1.34 | 0.03 | 339 | Venezuela, Mexico, Ecuador, USA |
| Electric machinery and devices manufacturing | 1.12 | 0.22 | 273 | Venezuela, Mexico, Ecuador, USA |

| | | | | |
|---|---------------|-------|---------------|--|
| Telecommunications equipment manufacturing | 0.18 | -0.02 | 45 | USA, Ecuador, Venezuela, Costa Rica |
| Medical devices manufacturing | 0.26 | -0.01 | 64 | Bolivia, Peru |
| Vehicles manufacturing | 3.08 | 0.00 | 751 | Venezuela |
| Other kind of transport manufacturing | 0.50 | 0.05 | 123 | Venezuela |
| Furniture manufacturing, manufacture industry | 1.26 | 0.01 | 308 | USA, Venezuela, Dominican Republic, Peru |
| Recycling | 0.10 | 0.05 | 23 | USA, Mexico |
| Other Sectors | 0.61 | -0.22 | 148 | USA, Thailand, Hong Kong, Japan, Venezuela |
| Total Exports | 100.00 | | 24,391 | |

Source: DIAN- DANE

Promotion opportunities

? Trade fairs

Trade fairs calendar in Bogota can be found on the internet at www.corferias.com. Corferias is the leader in the organization and accomplishment of tradeshows, a business association whose main shareholder is the Chamber of Commerce of Bogota. More than 30 events are held every year gathering around 6,500 exhibitors and more than 1.000.000 visitors from all over the world. Due to its outstanding performance for 25 years, Corferias has been consolidated as Latin America's best seller window.

? Daily News papers

El Tiempo: www.eltiempo.com.co: in Spanish. The major daily news paper in the country
Portafolio: www.portafolio.com.co: in Spanish. Business and Economy daily newspaper
La República: www.larepublica.com.co: in Spanish. Economical news paper.

? Magazines

Semana: www.semana.com.co: in Spanish.
Cambio: www.cambio.com.co: in Spanish
Dinero: www.dinero.com.co: In Spanish

Further information and links

? Associations

Analdex: (Colombian Foreign Trade Exporters Association) www.analdex.org
Fenalco: (Colombian National Traders Association). www.fenalco.org.co
Andi: (National Industrial Association): www.andi.org.co
Acopi: (Small and Medium Companies Association): www.acopi.org.co

? Governmental Entities

Ministerio de Comercio, Industria y Turismo (Foreign Trade, Industry and Tourism Ministry). www.mincomercio.gov.co
Proexport: www.proexport.gov.co
Bancoldex: www.bancoldex.gov.co
Banco de la República: (Central Bank) www.banrep.gov.co

DANE (National Statistics Department) www.dane.gov.co
DNP (National Development Department) www.dnp.gov.co
Segurexpo: www.segurexpo.com

Other Links

Colombian Exporters Electronic Directory: www.colombiaexport.com
Economy and foreign trade website: www.businesscol.com
Also see under OSEC module: Basic Addresses.

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