



Investment Environment and Business Opportunities in Colombia

February 2012

Proexport is Colombia's entity in charge of the promotion of International Tourism, Foreign Direct Investment, and non-traditional exports

TOURISM



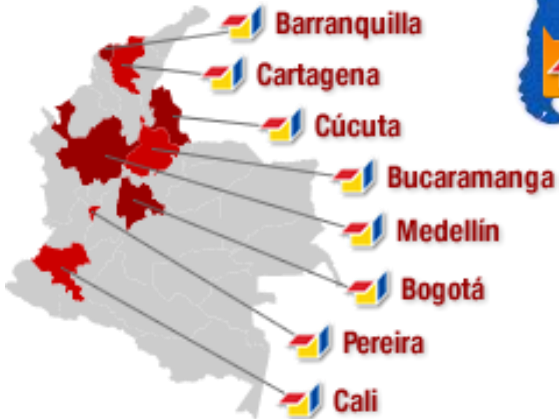
INVESTMENT



EXPORTS



Proexport Around the World



18 COMMERCIAL OFFICES +

8 REGIONAL OFFICES +

7 NEW OFFICES +

Proexport's Representatives in the US



Some recent investment projects supported by Proexport



2011 - Announced a new product and development research center

2010 - Bilingual contact center operation for the United States and Colombia



2011 - Global service center for BPO and IT operations



2010 – Established a Private Capital Fund for Colombia in Infrastructure



JW MARRIOTT
HOTELS & RESORTS

2010 – Opened a new business hotel offering 264 rooms, located in the heart of Bogota's financial district.

2010 – Acquired the assets of ESI de Colombia. ESI is a value added reseller of industrial electrical equipment and engineering services





✓ The land area of Colombia is nearly 1,141,000 km², almost 3 times the size of California and twice the size of Texas

✓ Bordering the Pacific and Atlantic oceans

✓ Colombia is one of the most biodiverse countries in the world.

A competitive location with easy access to cover the Americas
(aprox. 5 hours to NY, Toronto, Santiago and Sao Paulo)

AIR CANADA 

AA
American Airlines

jetBlue
AIRWAYS

spirit
airlines

Continental
Airlines

Delta

AEROMEXICO

TACA

Copa
Airlines

tame

Avianca

AeroGal

TAM
AIRLINES

LAN

AEROLINEAS
ARGENTINAS

Lufthansa

IBERIA

AIR FRANCE

- ✓ 1,100 direct international frequencies per week
- ✓ 5,000 domestic frequencies/week
- ✓ Avianca-Taca: one of 3 major airlines in Latin America
- ✓ Easy-quick access to major cities in the Americas

Same time zone with the East Coast of the US – Rapidly increasing connectivity (Aprox. 3 hour flight to Miami and 5 hours to NY)

In January 2013 an **Open Skies** agreement will enter into full force



City of Origin	City of Destination	Weekly Frequencies
Miami	Bogota	42
New York	Bogota	26
Ft. Lauderdale	Bogota	21
Houston	Bogota	14
Orlando	Bogota	14
Miami	Cali	14
Miami	Medellin	14
Miami	Barranquilla	7
Atlanta	Bogota	7
Miami	Cartagena	7
New York	Medellin	7
Ft. Lauderdale	Cartagena	6
Washington	Bogota	5
Ft. Lauderdale	Medellin	5
Ft. Lauderdale	Armenia	4

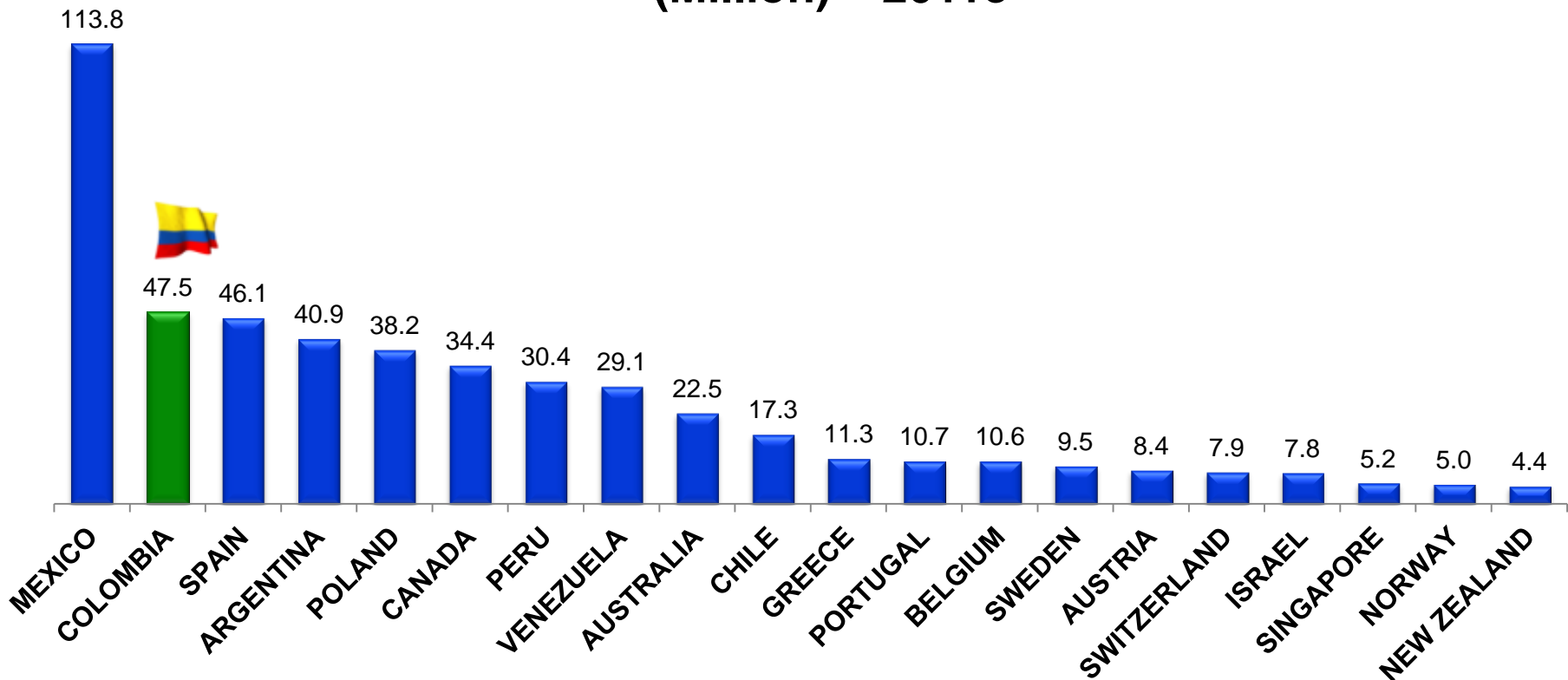
Total: 193



Colombia's population is 46 million
The percentage of population under 30 years of age is 55%
7 metropolitan areas with over 1 million people

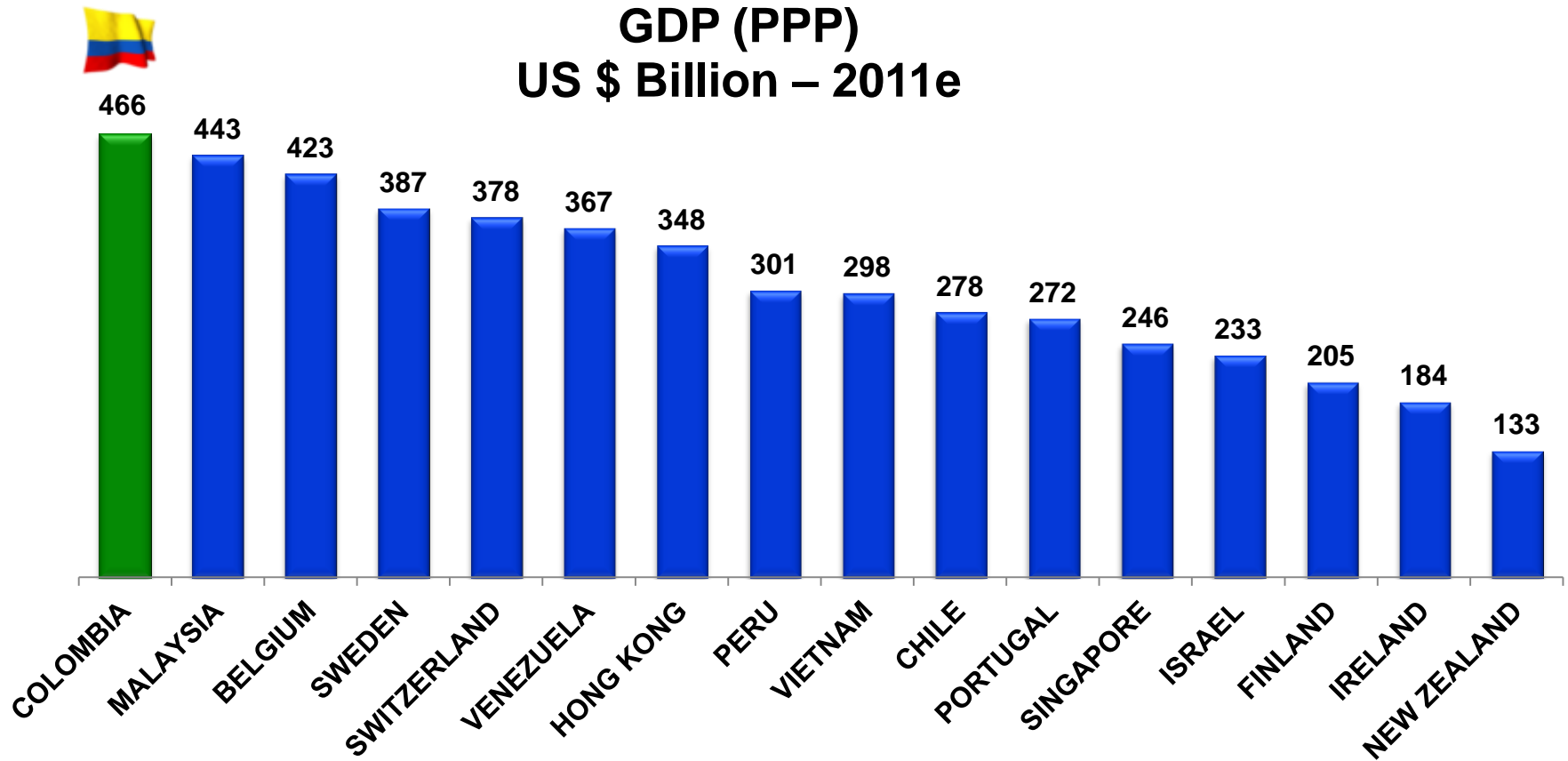
The second largest Spanish speaking country in the world

Population (Million) – 2011e



Source: EIU (Economist Intelligence Unit)
e:estimate (25 January 2012)

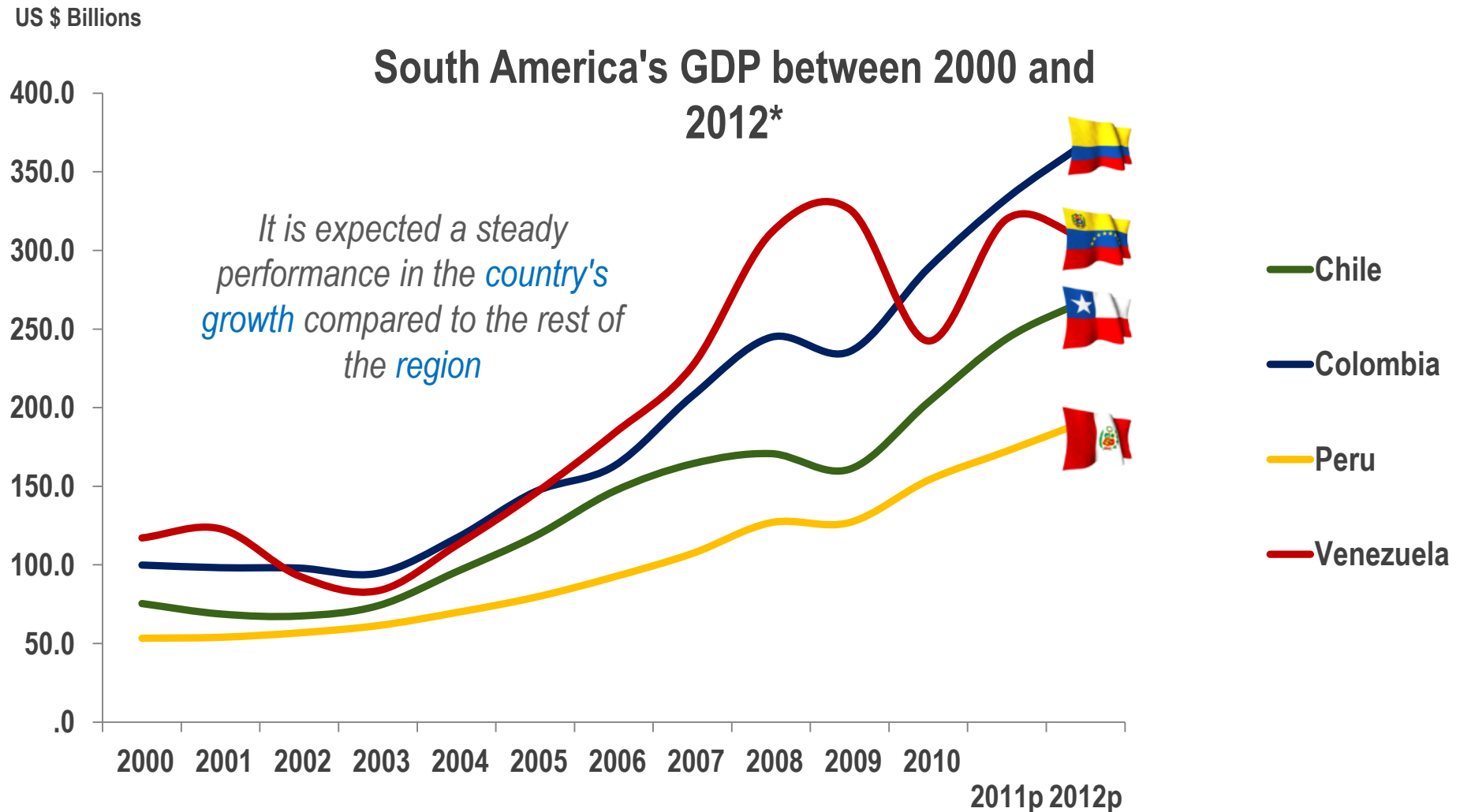
Colombia: the 28th largest economy in the world when adjusted by PPP and one of the largest non-OECD economies



Note: GDP adjusted by purchasing power parity (PPP)
e: estimate

Source: EIU (Economist Intelligence Unit) (25 January 2012)

Colombia is the fourth largest economy in Latin America

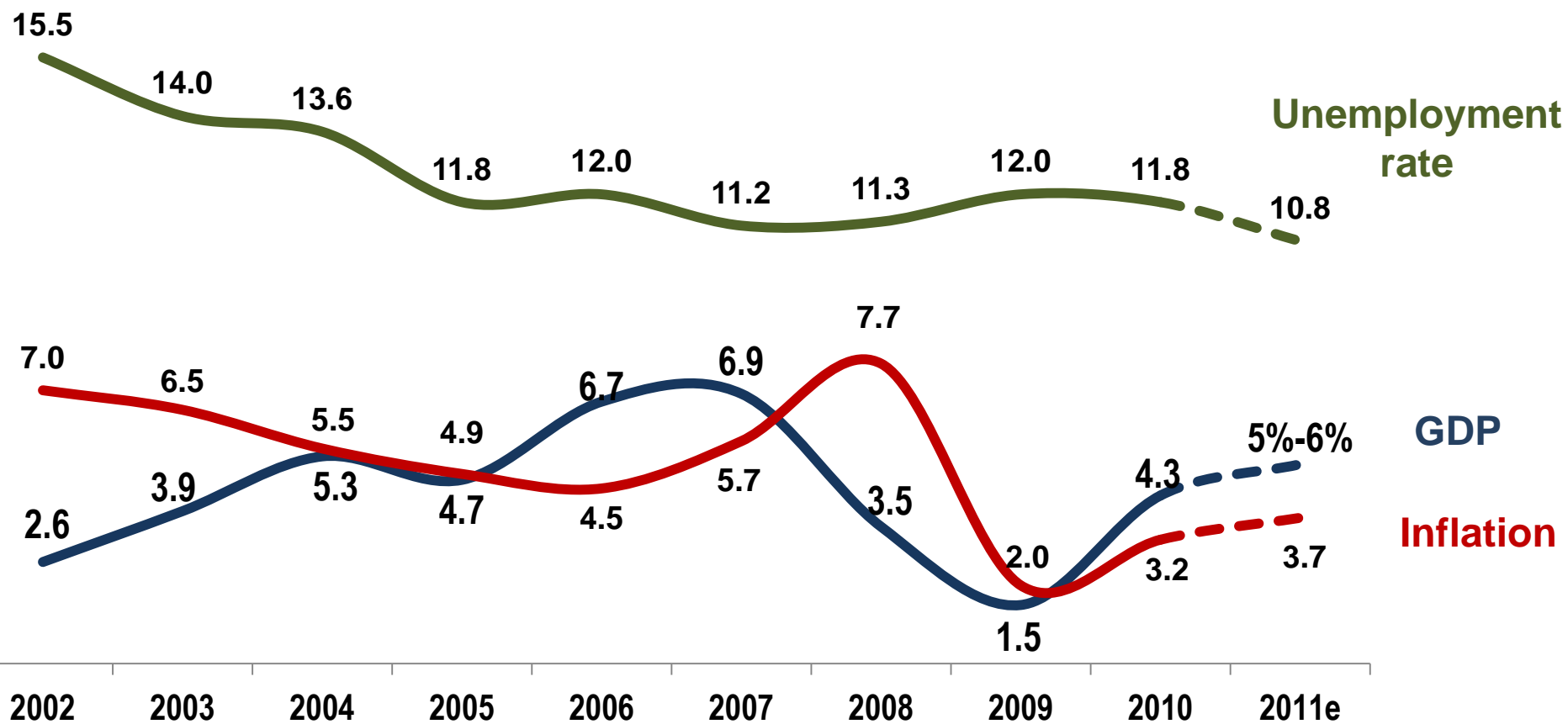


Source: EIU - June 2011

P: Forecasts

Macroeconomic stability

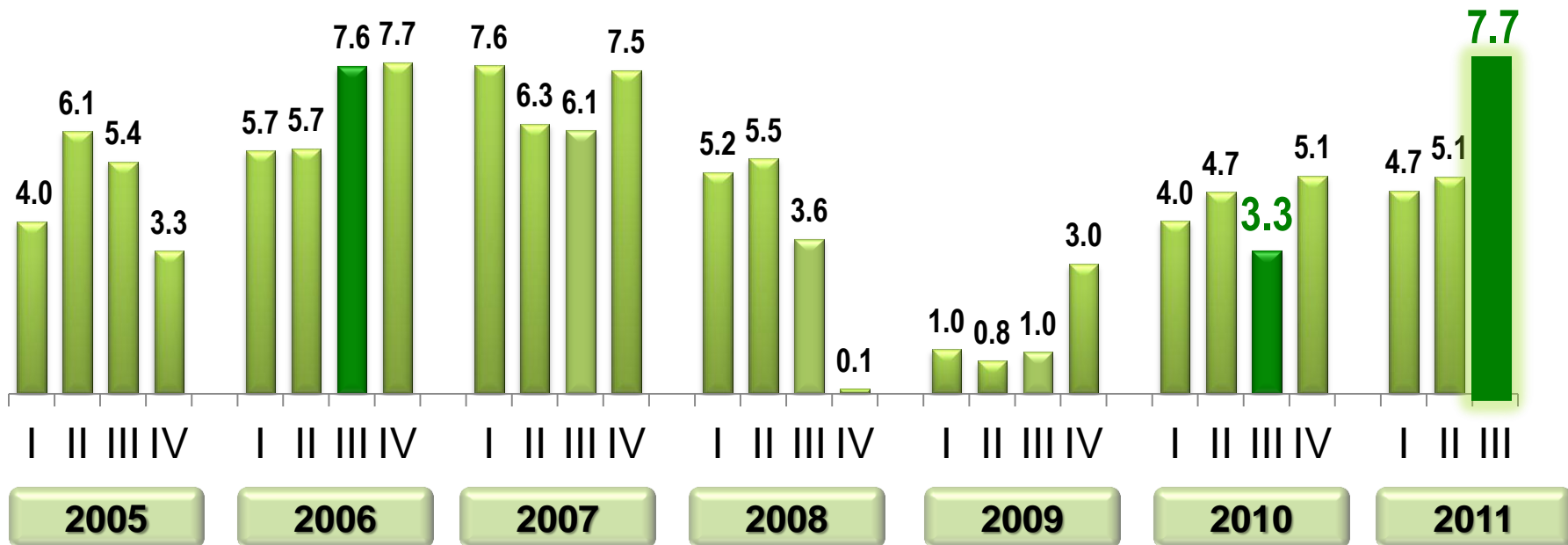
GDP, Inflation and Unemployment rate (%) 2002 – 2011e (Annual Average)



Quarterly GDP growth since 2005

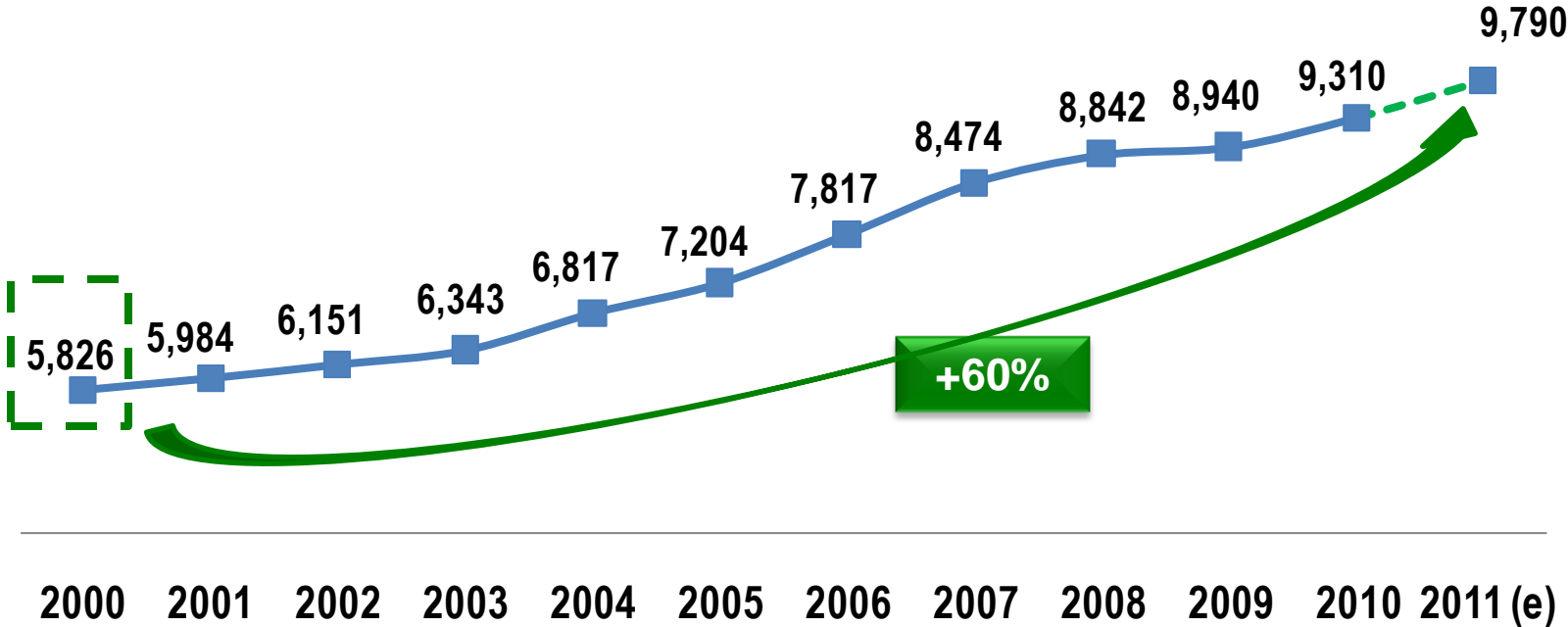


GDP Change (%) 2005 – III TRIM 2011



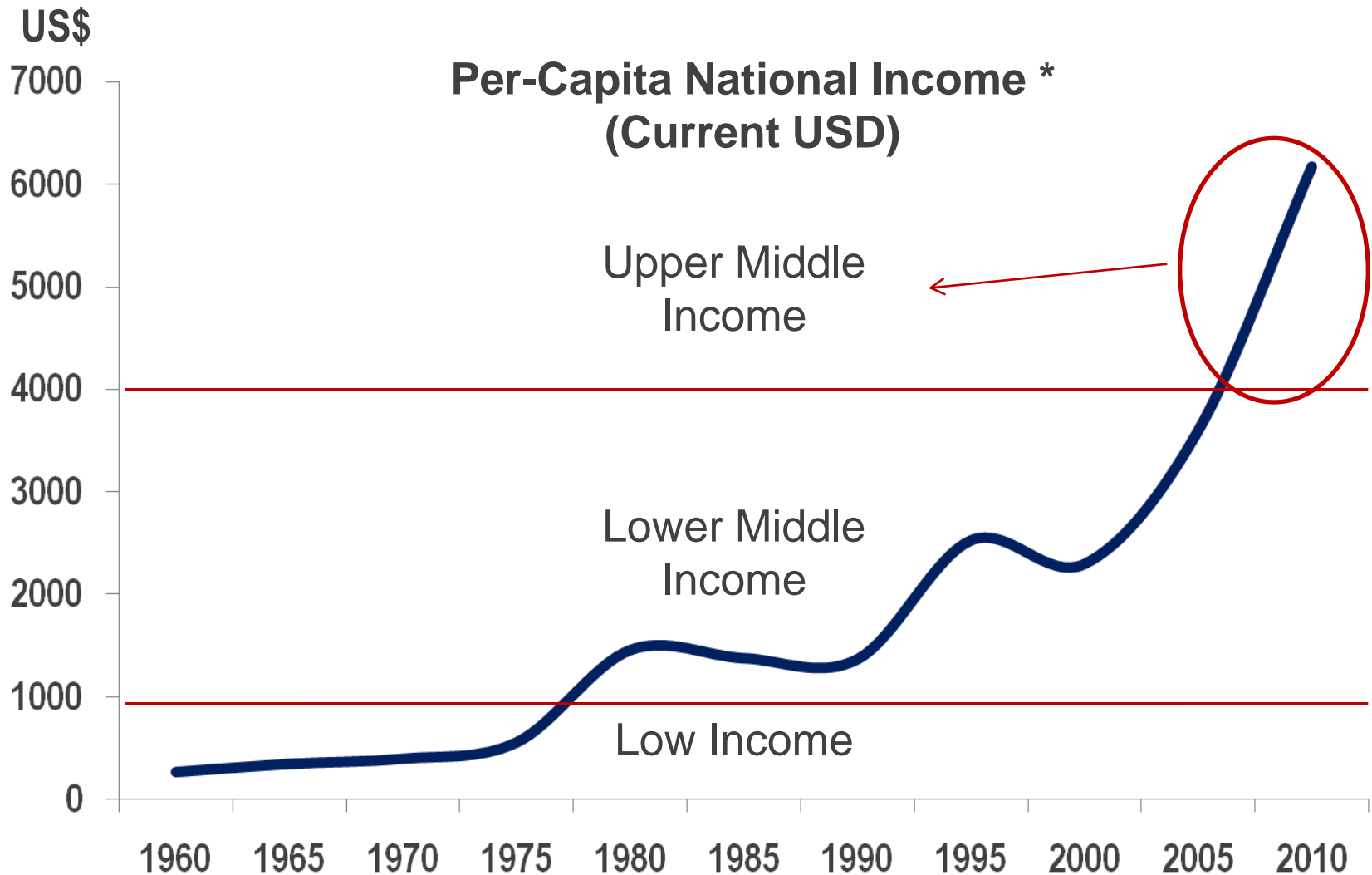
GDP Per Capita adjusted by PPP is close to US \$10,000

Colombia's GDP Per Capita (PPP)*, 2000 – 2011e (US \$)



•GDP Per Capita adjusted to prices at purchasing power parity (PPP)
•(e) : estimate
Source: EIU (Economist Intelligence Unit)
(25 January 2012)

According to international standards, Colombia is part of the group of upper-middle-income countries since 2005



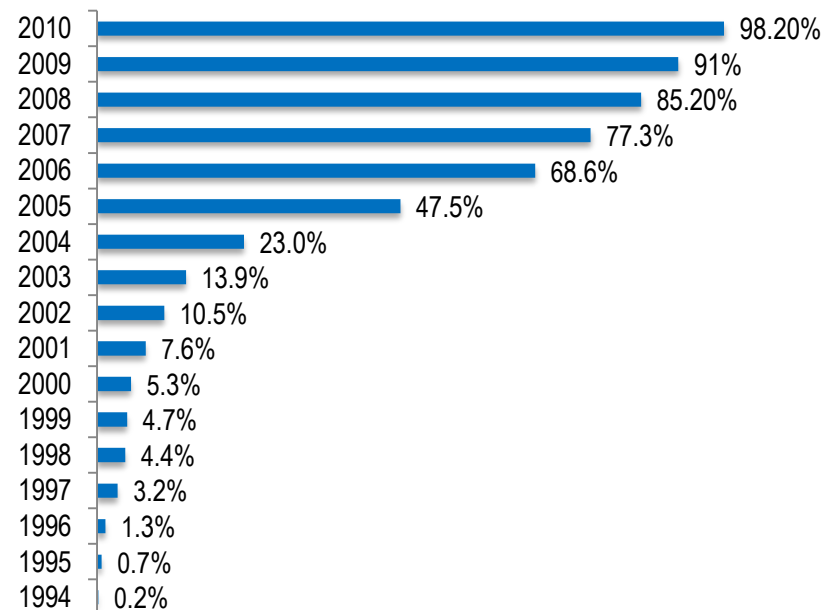
Source: Ministerio de Hacienda y Crédito Público – EIU
* Classification based on a World Bank methodology

A rapidly growing consumer market: More than 47 million of Mobile Telephony lines by 2011

Active cell phone users per year

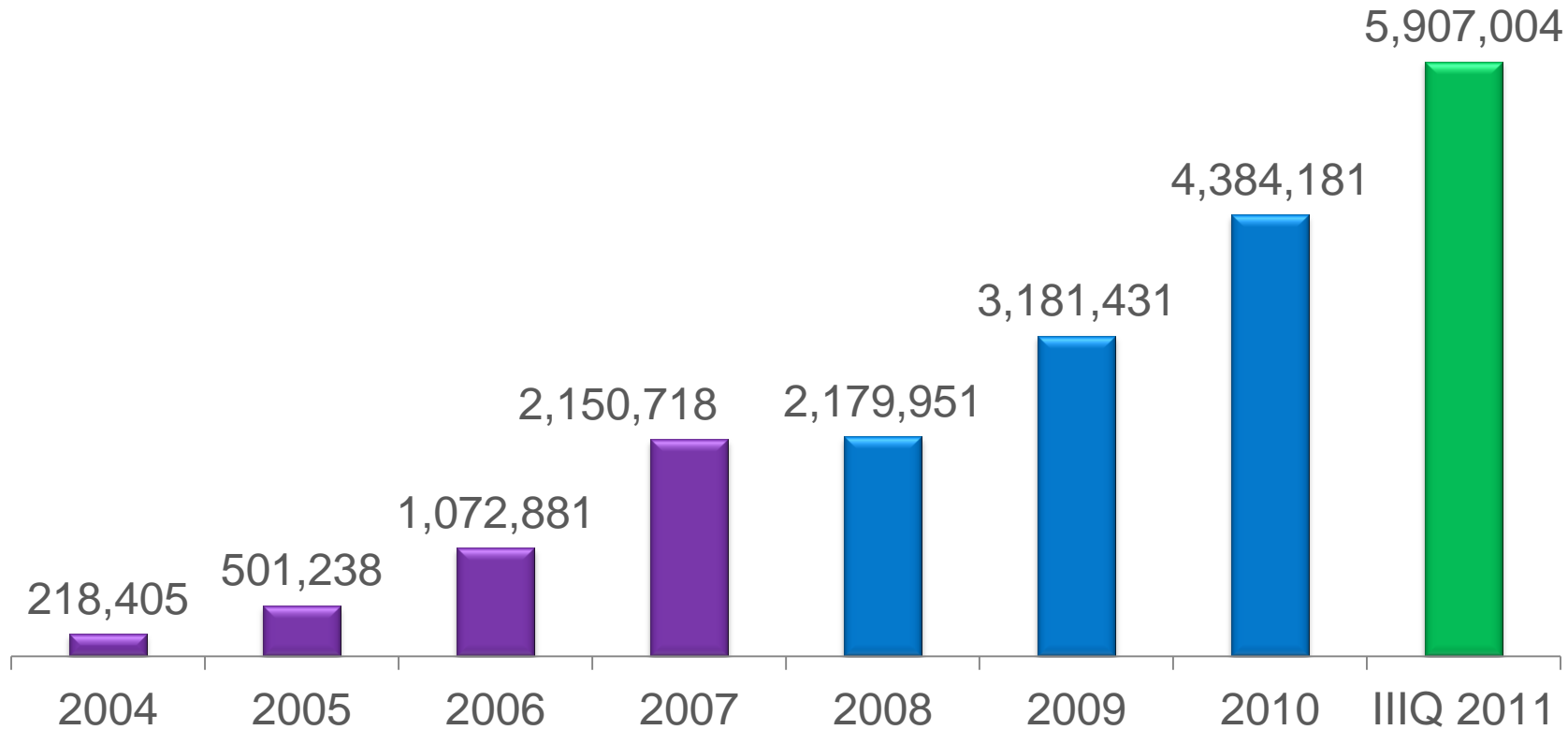
Year	Active lines	Variation %
2000	2,256,801	
2001	3,265,261	44.69%
2002	4,596,594	40.77%
2003	6,186,206	34.58%
2004	10,400,000	68.12%
2005	21,849,993	110.10%
2006	29,762,715	36.21%
2007	33,941,118	14.04%
2008	41,364,753	21.87%
2009	42,025,520	1.60%
2010	44,477,653	5.83%
Sep 2011	47,747,912	-

Mobile Phone Penetration



Operator	Users 2008	Users 2009	Users 2010	Variation
Colombia Móvil	4,012,102	4,516,509	5,208,793	15,33%
Telefónica Móviles	9,963,095	8,964,575	10,004,521	11,60%
Comcel	27,389,556	27,673,546	29,264,339	5,75%
Total	41,364,753	41,154,630	44,477,653	

Strong growth in internet connections



Three of the top risk rating agencies gave Colombia the "Investment Grade"

**STANDARD
& POOR'S**

The McGraw-Hill Companies

Colombia (Republic of)

Issuer Credit Rating		
	Ratings	Rating Date
Foreign Long Term	BBB-	16-Mar-2011
Foreign Short Term	A-3	16-Mar-2011
Local Long Term	BBB+	05-Mar-2007
Local Short Term	A-2	05-Mar-2007

The three agencies agree on the country's positive economic and financial situation, highlighting:

- ✓ Its ability to deal with external shocks
- ✓ Its historic fulfillment of obligations
- ✓ An increase in its macroeconomic credibility
- ✓ A visible improvement in security conditions

MOODY'S

Colombia, Government of

Moody's Org ID: 186200 Previous Name: COLOMBIA, REPUBLIC OF

May 31, 2011	
Long Term Rating >	Baa3, Not on Watch
Outlook >	Stable
Other Debts on Watch?:	No

FitchRatings

Colombia Upgrade

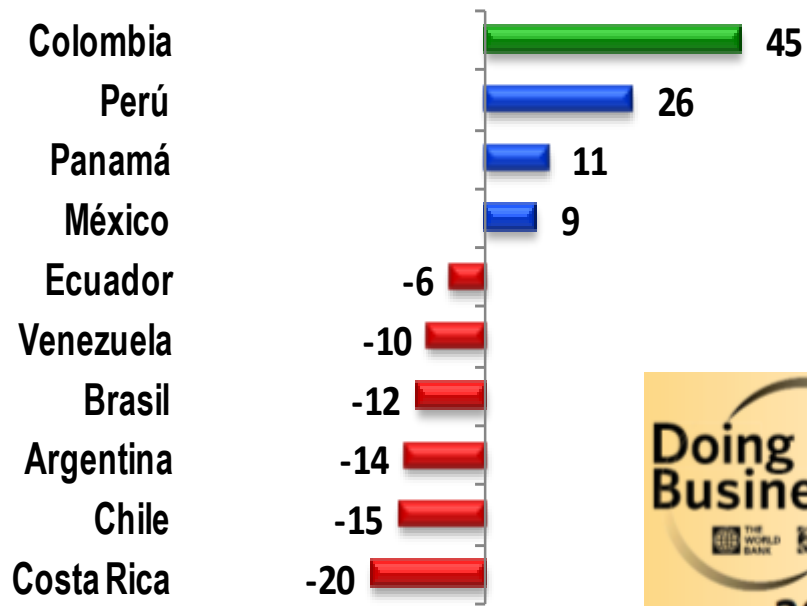
Long Term Issuer Default Rating:	BBB-	22-JUN-2011
Short Term Issuer Default Rating:	F3	22-JUN-2011
Local Currency Long Term Issuer Default Rating:	BBB	22-JUN-2011
Country Ceiling:	BBB	22-JUN-2011

Colombia: third "friendliest" country to do business in Latin America and the biggest reformer of the region



Colombia remains as the top reformer country of the region during the last years.

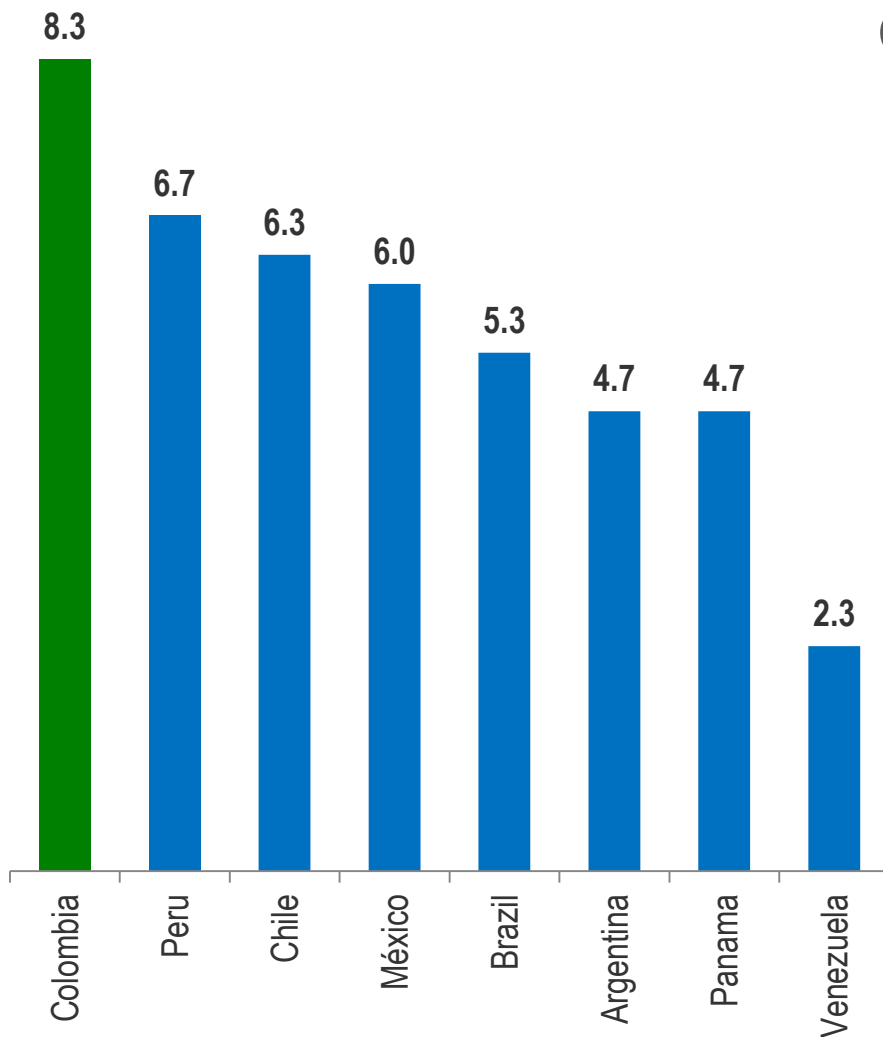
Change in Doing Business Ranking, 2007-2012*
(Variation in the number of positions)



Country	World Ranking 2012	World Ranking 2011
Chile	39	41
Peru	41	39
Colombia	42	47
Mexico	53	54
Panama	61	63
Argentina	113	114
Costa Rica	121	121
Brazil	126	120
Ecuador	130	131
Venezuela	177	175

Source: Doing Business 2012 World Bank Report
*Positive numbers indicate improvements in business environment

Investor Protection Index 2011



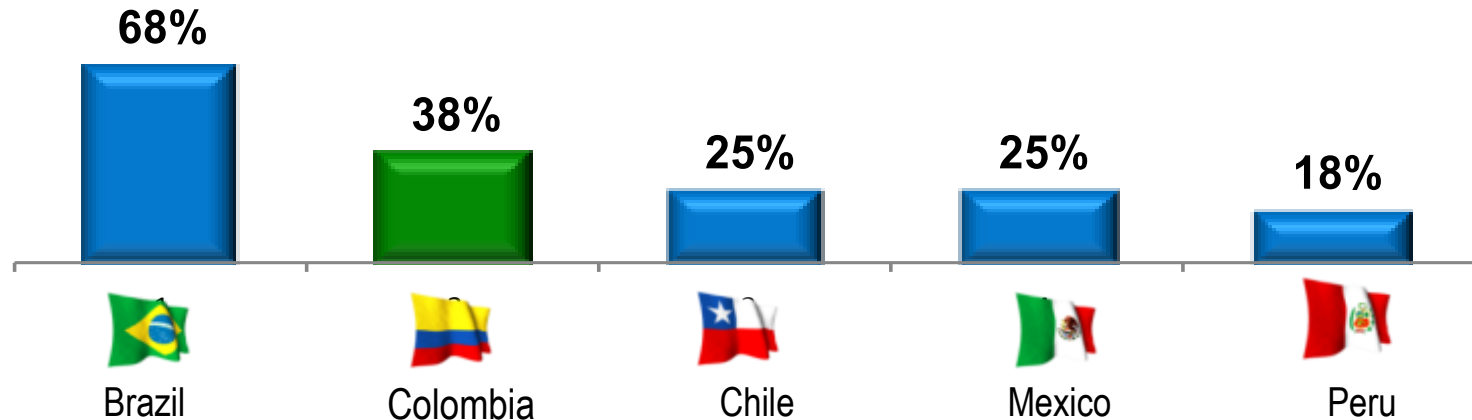
Colombia is ranked **5th worldwide** and **1st in Latin America** in terms of Investor Protection

World Ranking	Country
5	Colombia
20	Peru
28	Chile
44	México
74	Brazil
109	Argentina
109	Panama
179	Venezuela

“Colombia is the second most attractive country for investment in Latin America in the next 3 years.”

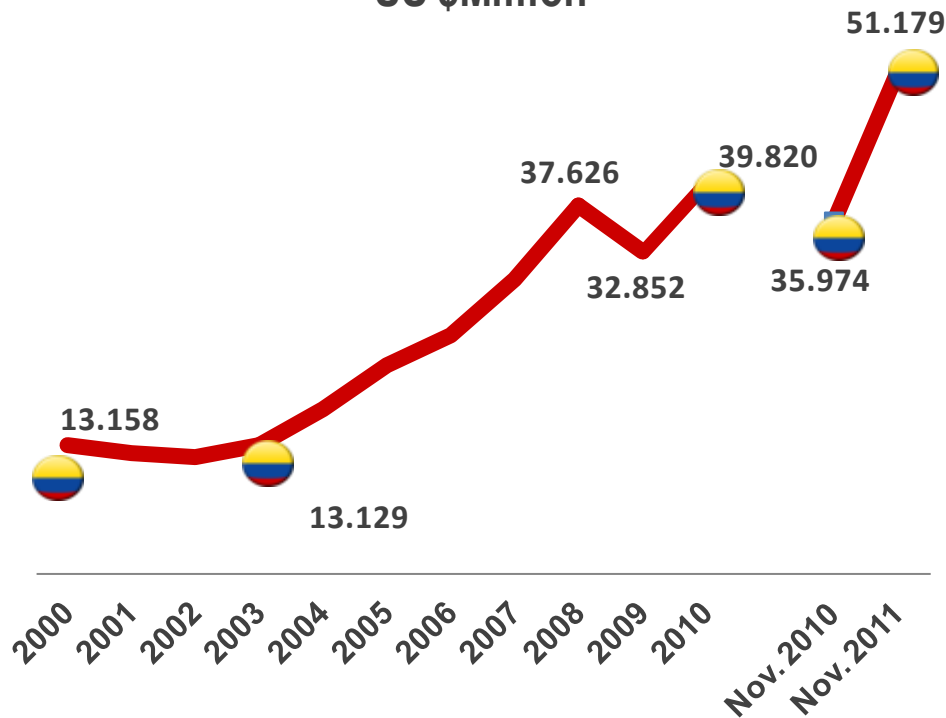
J.P.Morgan

If you were to invest in a Latin American country in the next 3 years, where would you invest?



In 10 years exports grew four times

Exports, 2000 – November 2011 US \$Million



Variation 2008 - 2009: -12.7%

Variation 2009 - 2010: 21.2%

Variation Jan Nov 2010 - Jan Nov 2011: 42.3%

Source: DANE (National Department of Statistics)

Top destinations of exports, 2010



United States

- US \$16.879 B
- 42.5% share



China

- US \$1.967 B
- 4.9% share



Ecuador

- US \$1.825 B
- 4.5% share

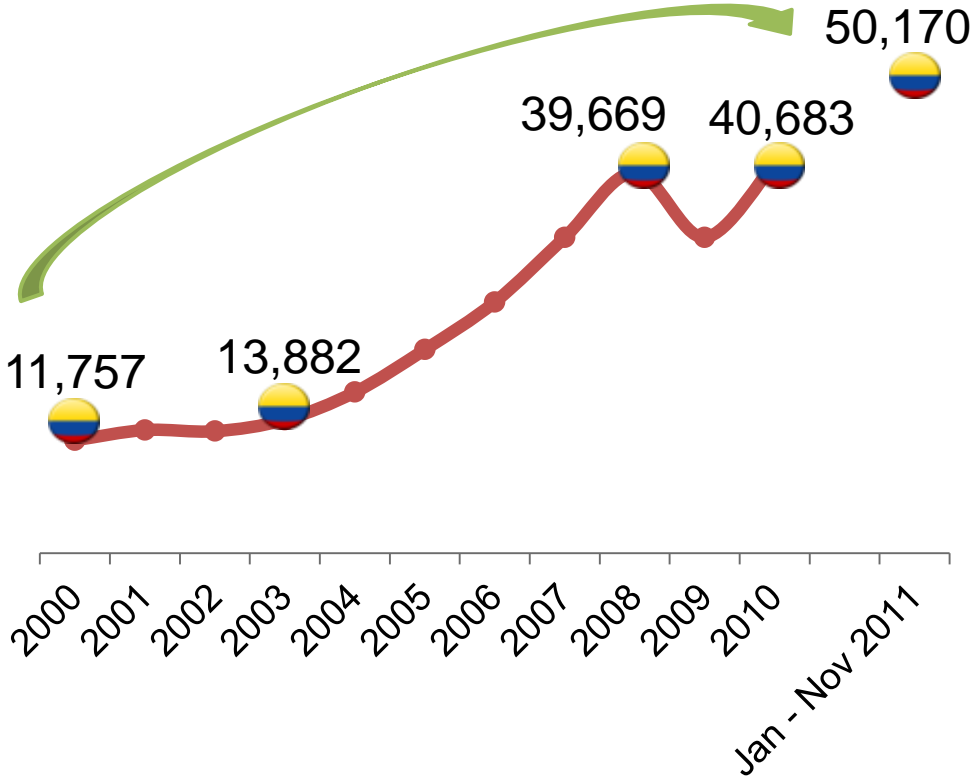


Holland

- US \$1.617 B
- 4.1% share

In 10 years imports grew more than four times

Imports, 2000 – November 2011
US\$ Million



Variation 2008 - 2009: -17%

Variation 2009 - 2010: 23.7%

Source: DANE (National Department of Statistics) – CIF Values

Top destinations of imports, 2010



United States

- US \$10,477 million
- 26% share



China

- US \$5,477 million
- 13% share



Mexico

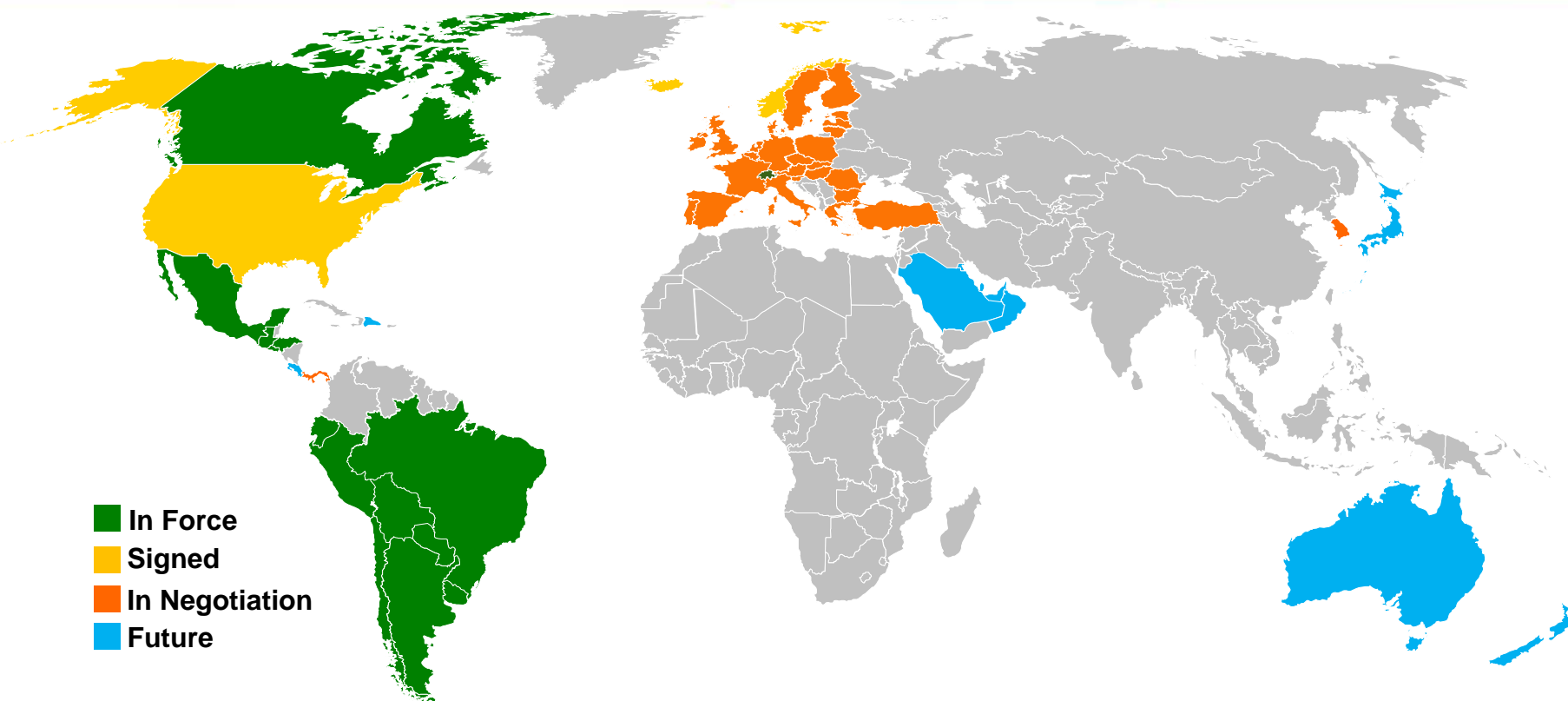
- US \$3,857 million
- 9% share



Brazil

- US \$2,370 million
- 7% share

Free Trade Agreements



- In Force**
- Signed**
- In Negotiation**
- Future**

IN FORCE

- CAN (Peru, Ecuador y Bolivia)
- MERCOSUR (Argentina, Paraguay, Uruguay and Brazil)
- Chile
- G2-Mexico
- North Triangle (Honduras, Guatemala y El Salvador)
- Switzerland
- Liechtenstein
- Canada

SIGNED

- United States
- EFTA (Iceland and Norway)

IN NEGOTIATION

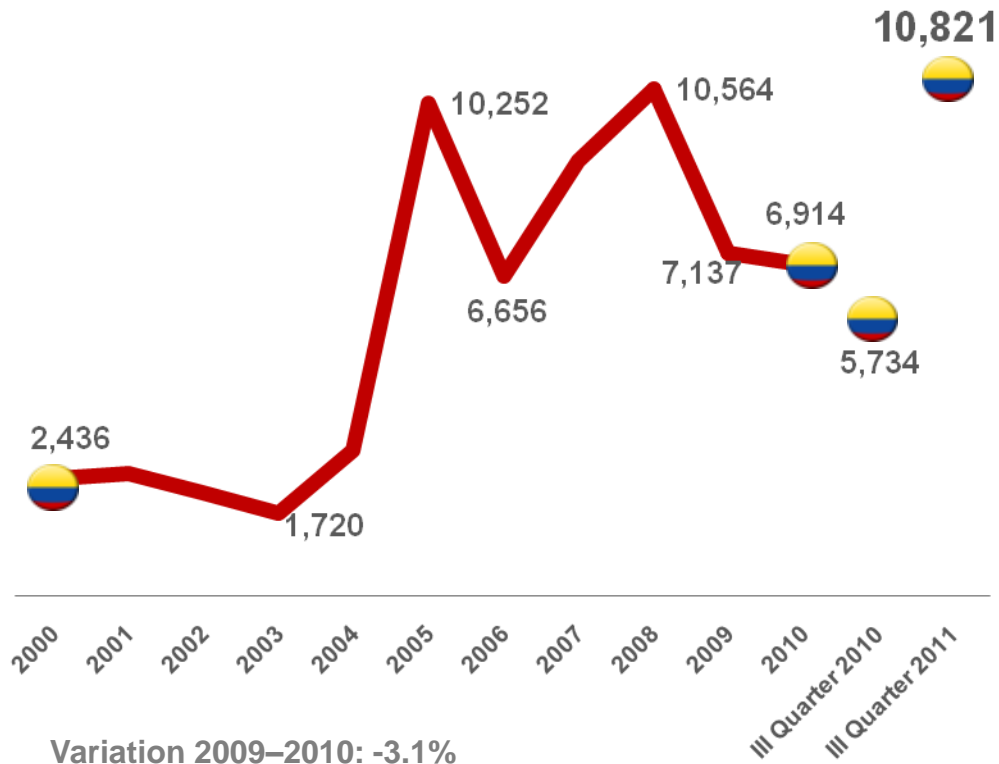
- South Korea
- Panama
- Turkey
- European Union (Signature)

FUTURE

- Japan
- Australia
- New Zealand
- Costa Rica
- Dominican Republic
- Gulf Community

FDI flows have increased significantly

FDI, 2000 – 3rd Quarter 2011
US \$Million



Main Investors in Colombia 2000 – 2010**

- 
United States
 - Accumulated US \$9.333 Billion
 - 28.8% share
- 
England
 - Accumulated US \$4.631 Billion
 - 12.8% share
- 
Spain
 - Accumulated US \$2.637 Billion
 - 7.3% share
- 
Mexico
 - Accumulated US \$1.517 Billion
 - 4.2% share

Variation 2009–2010: -3.1%

Variation 3rd Quarter 2010 – 3rd Quarter 2011: 88.7%

*Figures obtained through the foreign currency balance of the Bank of the Republic.

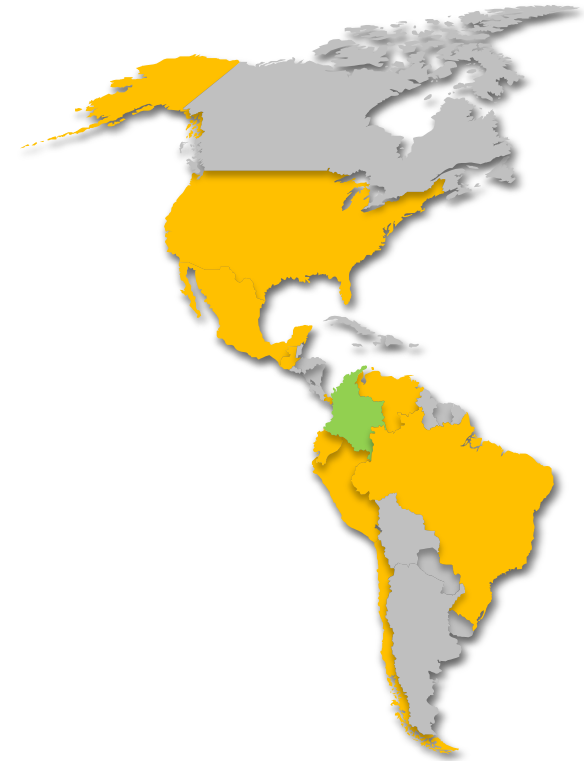
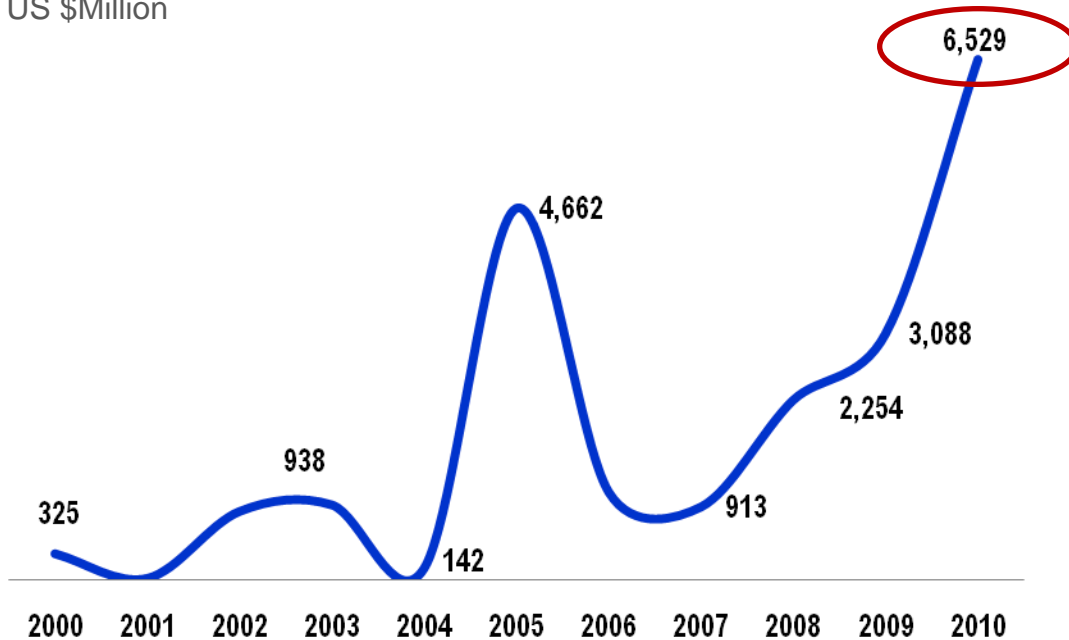
**Share of all countries with positive cumulative investment, without reinvested profits or investments in the oil sector. Accumulated value 2000 – 2010: US \$45,946 million

Note: the list of the top countries investing in Colombia does not include Anguilla or Panama, in third and fourth place.

Source: Bank of the Republic - Balance of Payments

Colombia is also becoming an important investor in the Americas (utilities, banking and finance)

US \$Million



Assembly of the first 500,000-volt electric transmission system in Peru. **Investment: US \$130 Million**



ENERGIA
de Bogotá

Purchased 60% of Peruvian energy company Cálidda. **Investment: US\$ 111 Million**



Purchased ING companies in Chile, Mexico, Peru, Uruguay and Colombia. **Investment: US\$ 3.763 Billion**



Acquisition of one hundred percent of the Central American Bank. **Investment: US\$ 1.9 Billion**

Source: Banrep

National Development Plan 2010 - 2014



AGRIBUSINESS



INNOVATION



MINING



INFRASTRUCTURE



HOUSING

Productive Transformation Program: A Public - Private Partnership to strengthen and build “world class sectors”



SERVICES SECTOR

**Business process,
outsourcing and
offshoring BPO&O**

**IT Services and
Software**

**Health Services
Exports**

MANUFACTURING SECTORS

**Graphic
communication
industry**

**Textiles, Fashion &
Design**

Electric Power.

**Automotive
Industry**

**Cosmetics and
Personal Care
Products**

AGRIBUSINESS SECTOR

**Chocolate,
Confectionery and
raw materials**

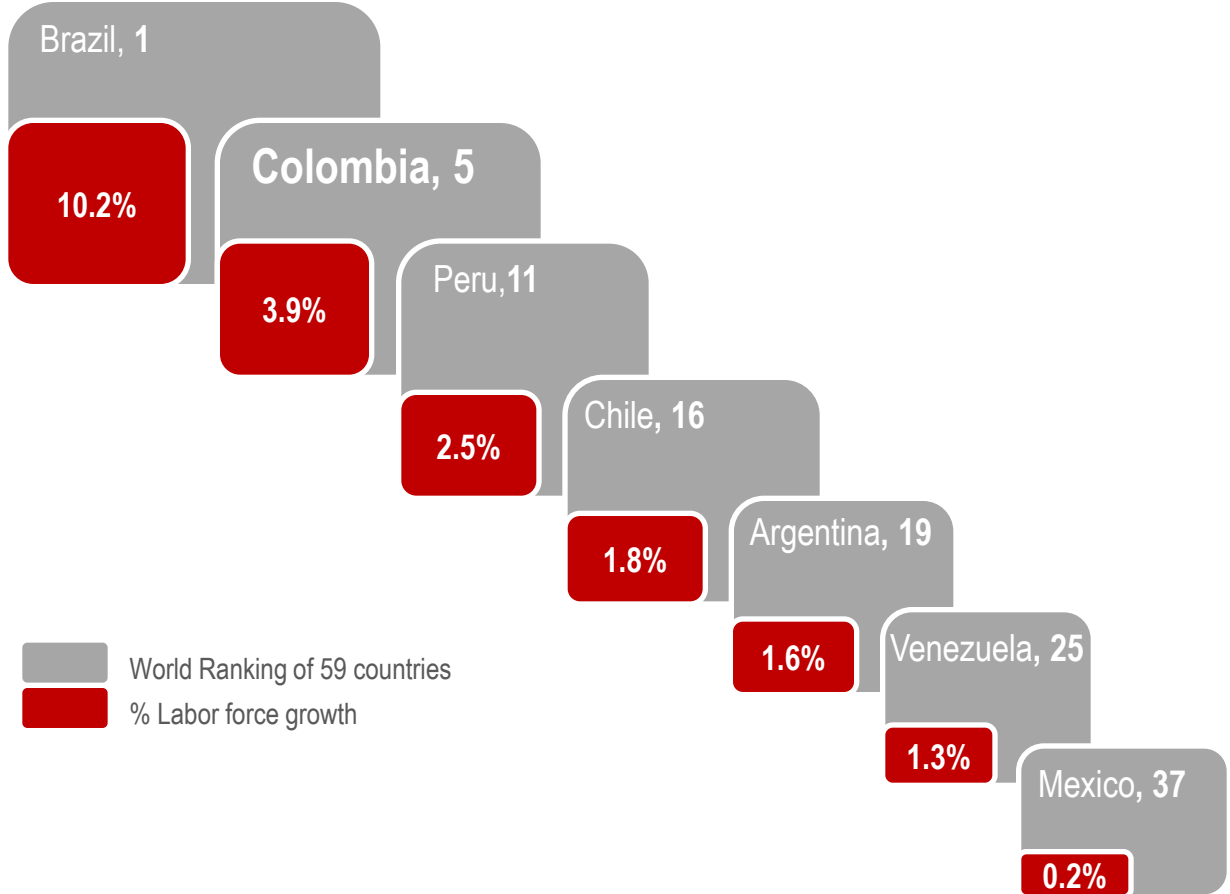
Cattle

**Palm and vegetable
oil**

Shrimp Farming

Colombia's human capital

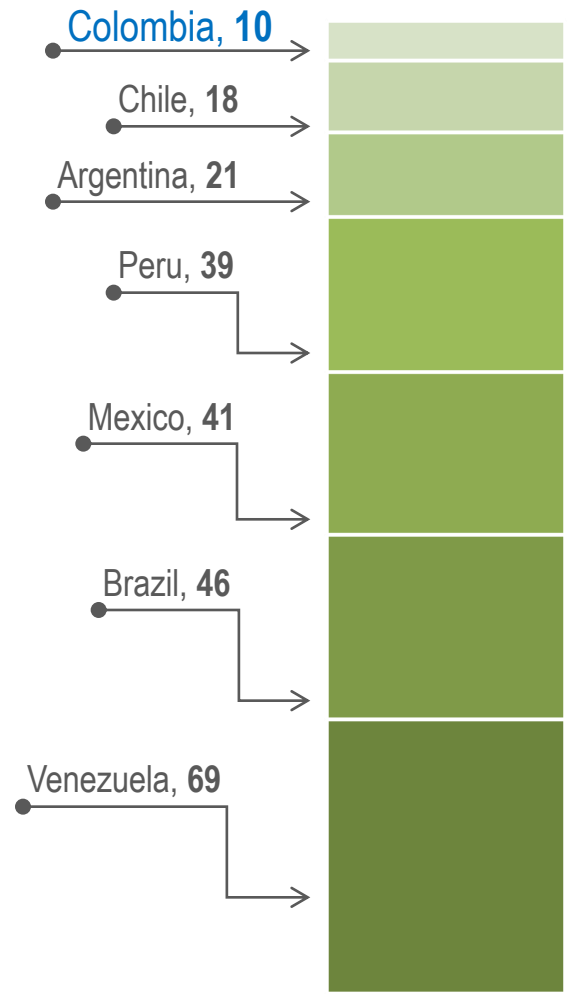
Labor force growth, 2011 ^{2/}



World Ranking of 59 countries
 % Labor force growth

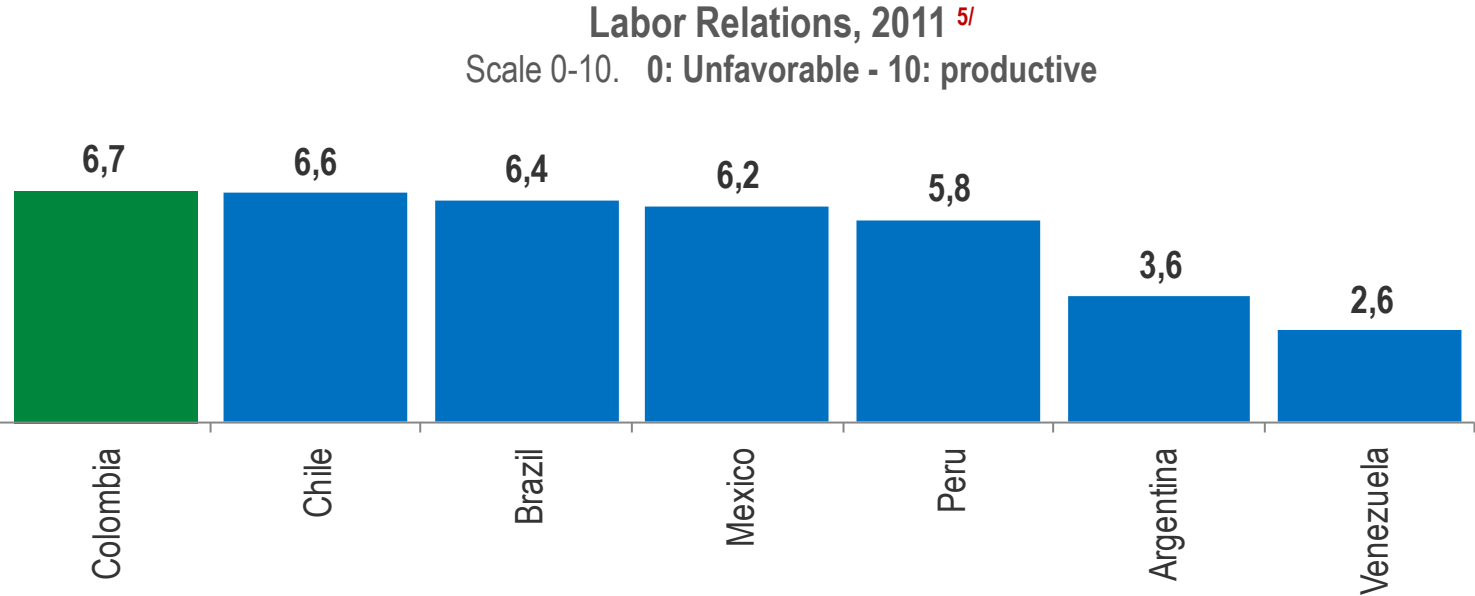
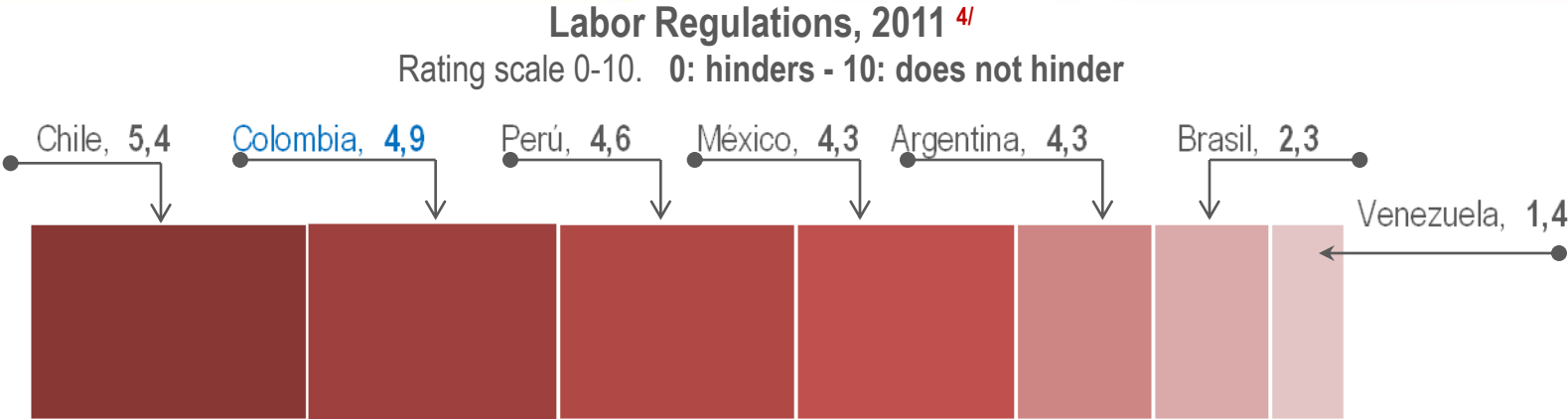
Labor Market Flexibility, 2011 ^{3/}

Rating scale from 0-100. 0: Flexible - 100: Rigid



Source: IMD World Competitiveness, 2011. Ranking of 59 countries.
^{2/} Ranking, percentage change
^{3/} The flexibility of the labor market is measured by the rigidity of the employment index.

Colombia's human capital



Source: IMD World Competitiveness, 2011. Ranking of 59 countries.

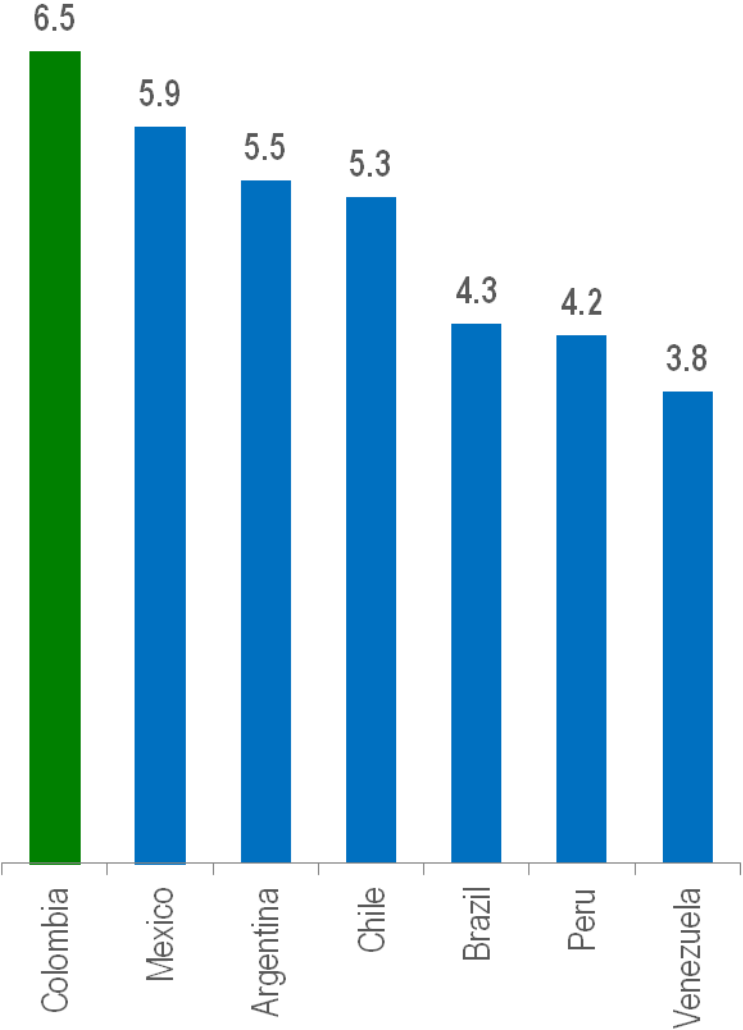
^{4/} Labor regulations (contracting/practices, dismissals, minimum wages, etc.) that will not hinder business activities.

^{5/} Labor relations generate an atmosphere of productivity in the company.

Colombia's human capital

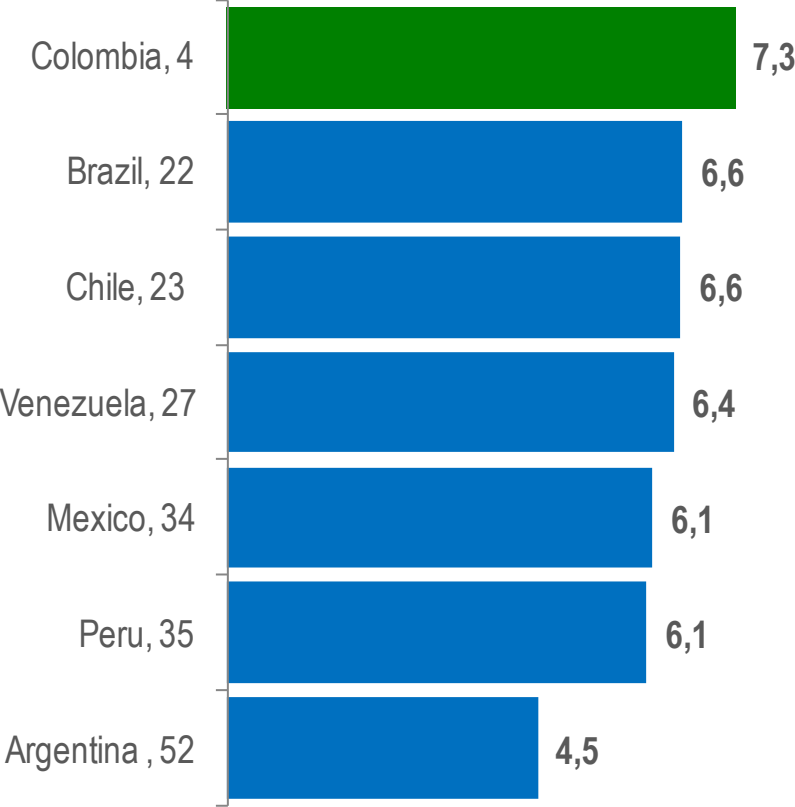
Availability of Skilled Labor, 2011 ^{6/}

Scale 0-10. 0: low availability – 10: high availability



Manager Credibility, 2011 ^{7/}

Scale 0-10. 0: weak – 10: strong



Source: IMD World Competitiveness, 2011. Ranking of 59 countries.

^{6/} The labor market has skilled labor available.

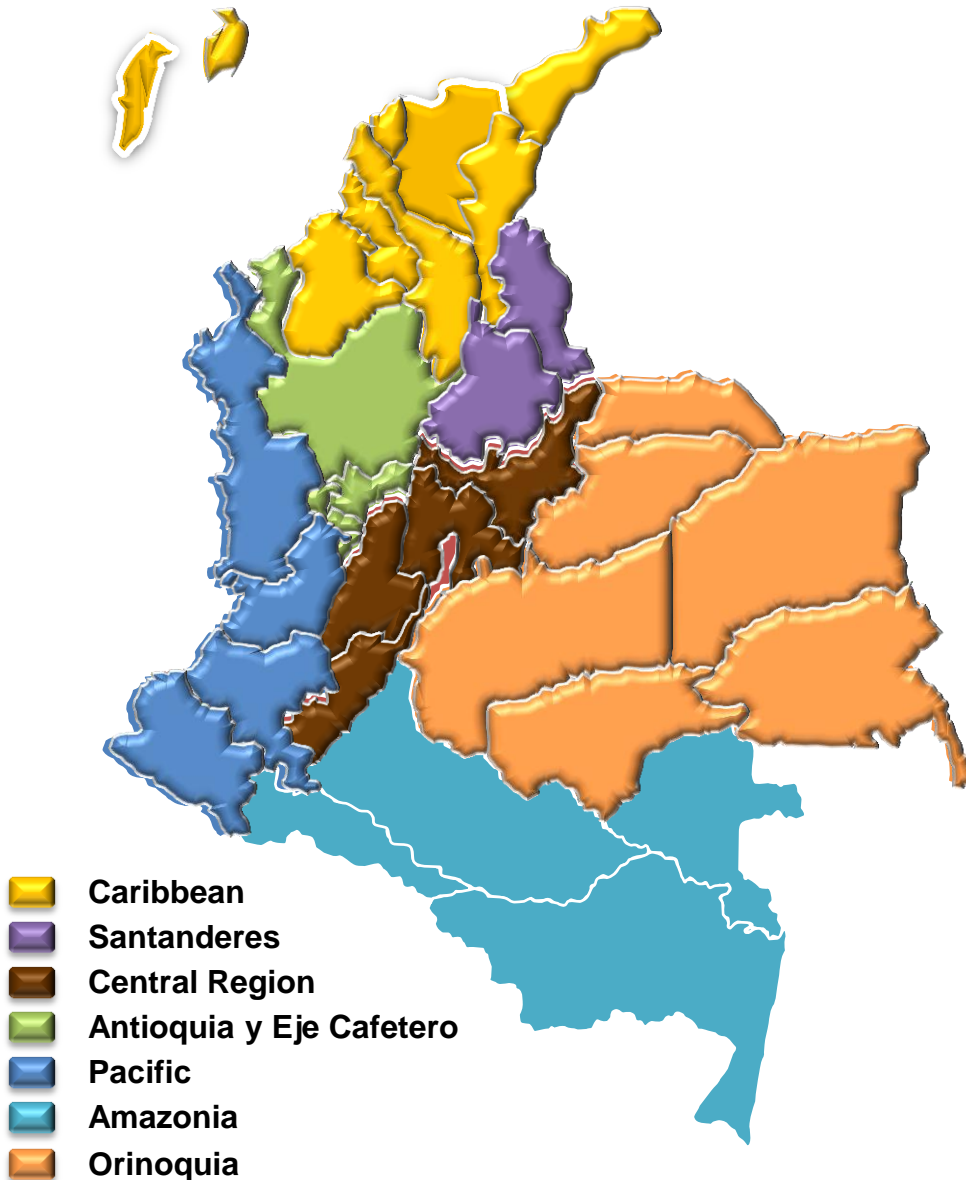
^{7/} The credibility of managers in the society is strong.

A country with distinct regions and opportunities for investment



- **Caribbean Region:** tourism, logistics, petrochemical cluster, construction materials, export platform to the Caribbean/Atlantic
- **Central/Andean Region:** service outsourcing, high value-added manufacturing, hub to cover domestic market, specialized agroindustry.
- **Pacific Region:** manufacturing, agroindustry, logistics, biotechnology, export platform to the Pacific Rim
- **Orinoquia Region:** agriculture, forestry, biofuels, hydrocarbons
- **Amazon Region:** conservation, ecotourism (Leticia)

A+ companies are located all around the Colombian territory



A+

1,938 COMPANIES

1,181 companies A+, Share of **61%**

319 companies A+, Share of **16.4%**

186 companies A+, Share of **9.6%**

143 companies A+, Share of **7.4%**

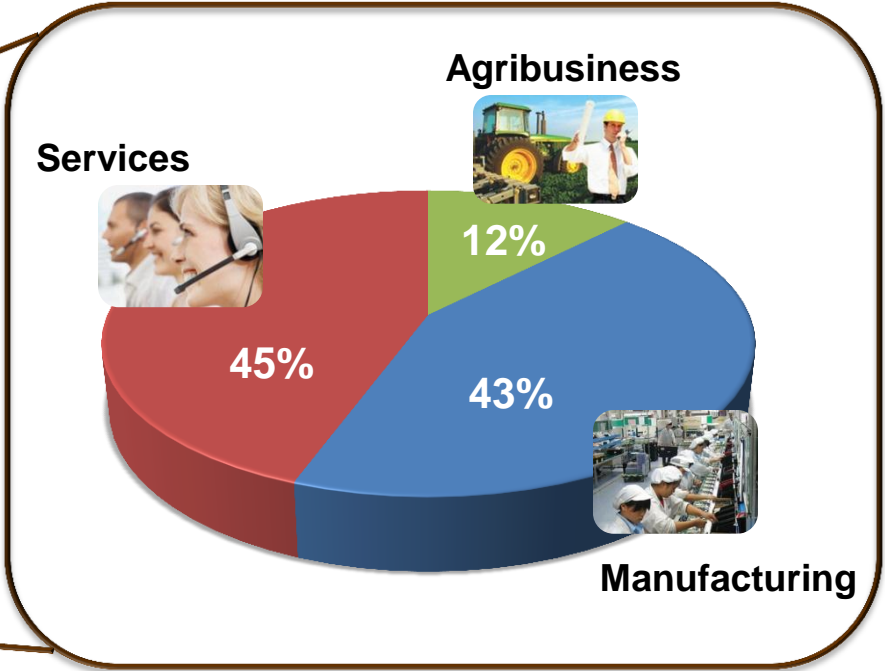
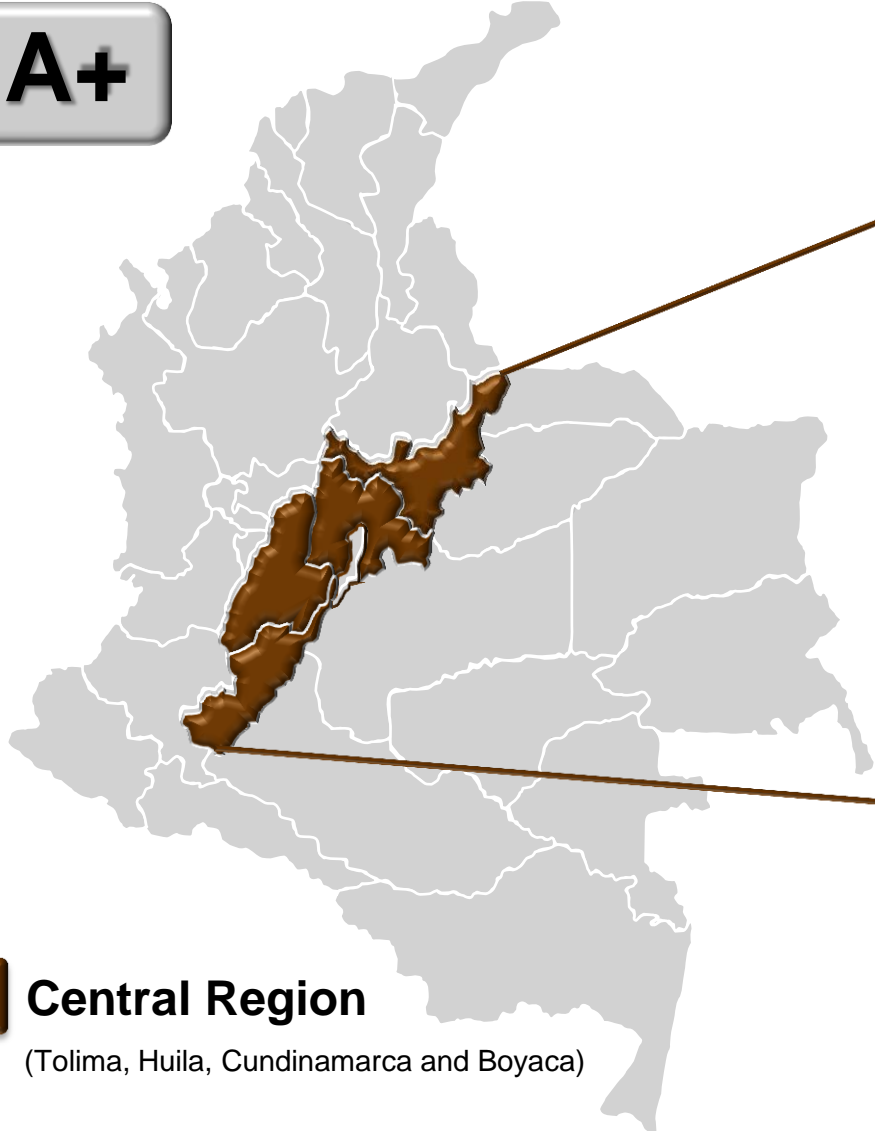
84 companies A+, Share of **4.3%**

25 companies A+, Share of **1.3%**

Central Region concentrated almost 90% in manufacturing and service companies.

1,181 companies A+, Share of 61%

A+



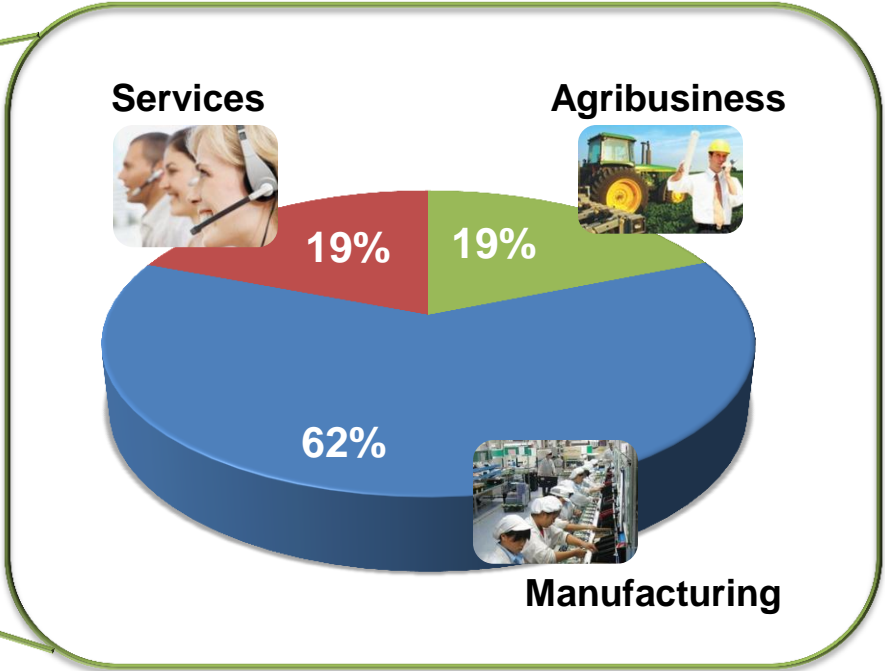
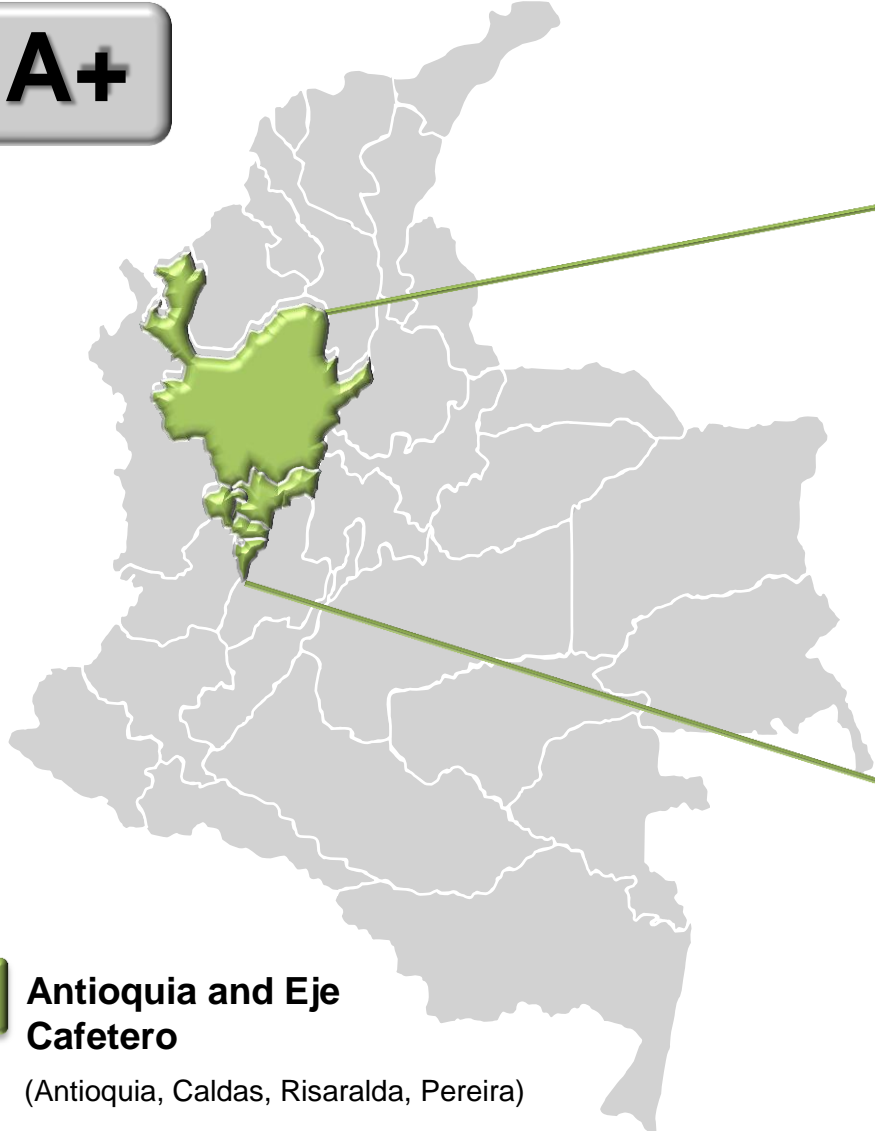
Central Region
(Tolima, Huila, Cundinamarca and Boyaca)

Source: BPR Benchmark, Proexport Calculation

Six out of ten companies in “Antioquia y Eje Cafetero” are dedicated to manufacturing.

319 companies A+, Share of 16.4%

A+



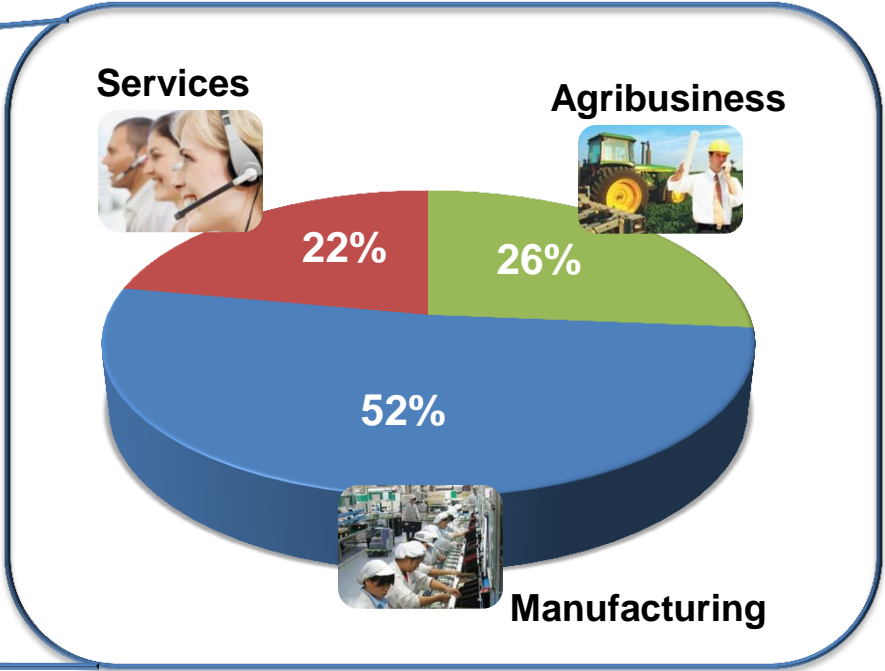
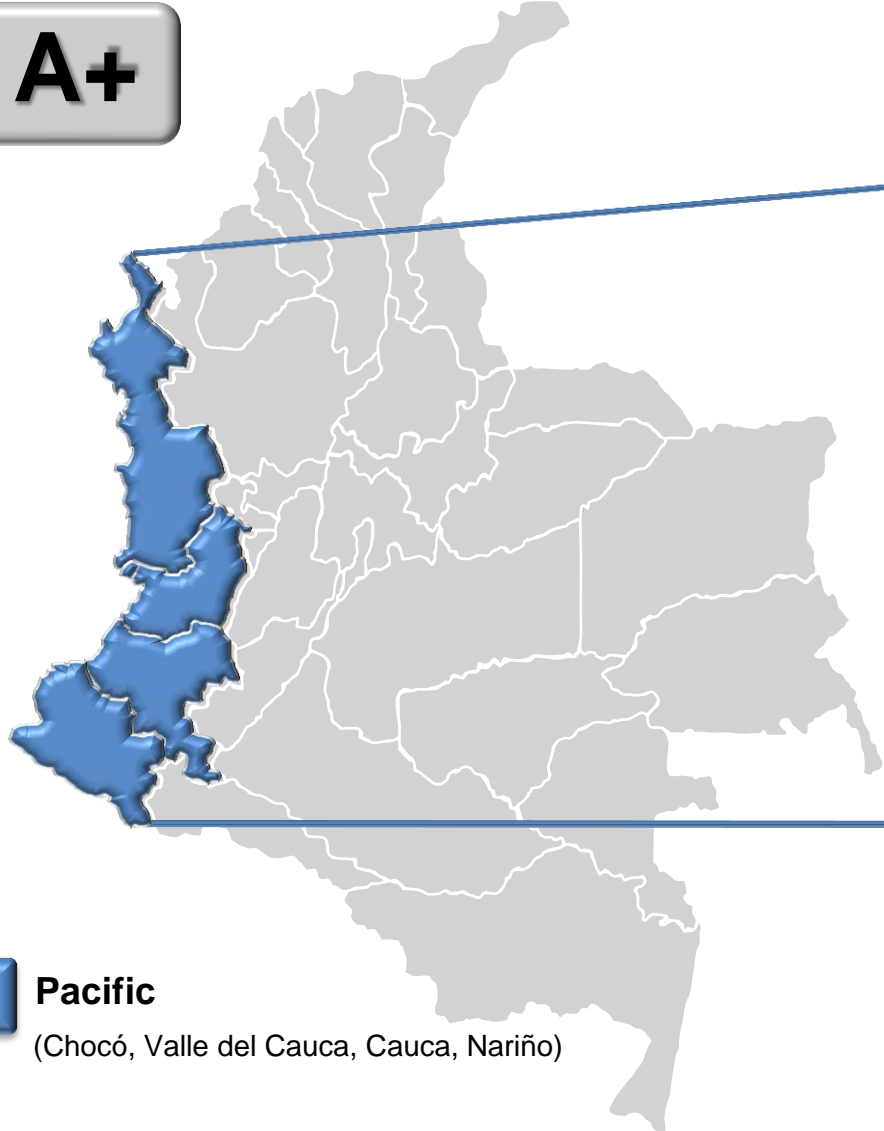
 **Antioquia and Eje Cafetero**
(Antioquia, Caldas, Risaralda, Pereira)

Source: BPR Benchmark, Proexport Calculation

More than a half of A+ companies in Pacific region are dedicated to manufacturing.

186 companies A+, Share of 9.6%

A+



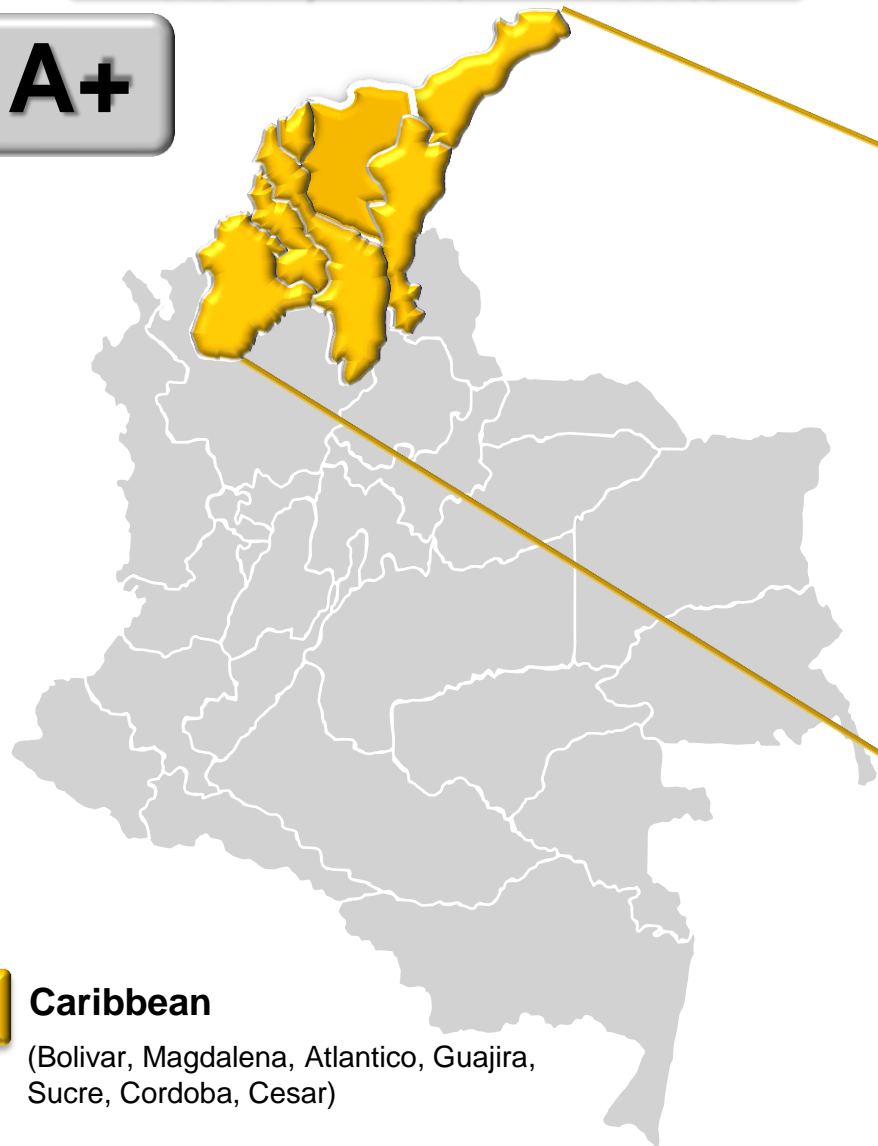
Pacific
(Chocó, Valle del Cauca, Cauca, Nariño)

Source: BPR Benchmark, Proexport Calculation

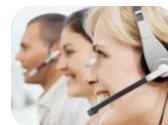
The 85% of the A+ Caribbean companies are dedicated to manufacturers and services.

143 companies A+, Share of **7.4%**

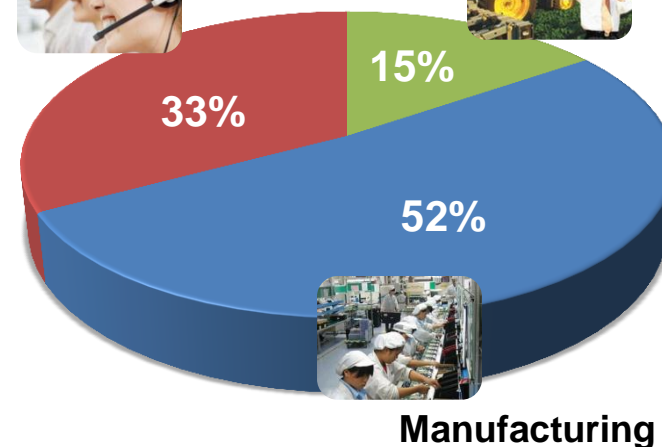
A+



Services



Agribusiness



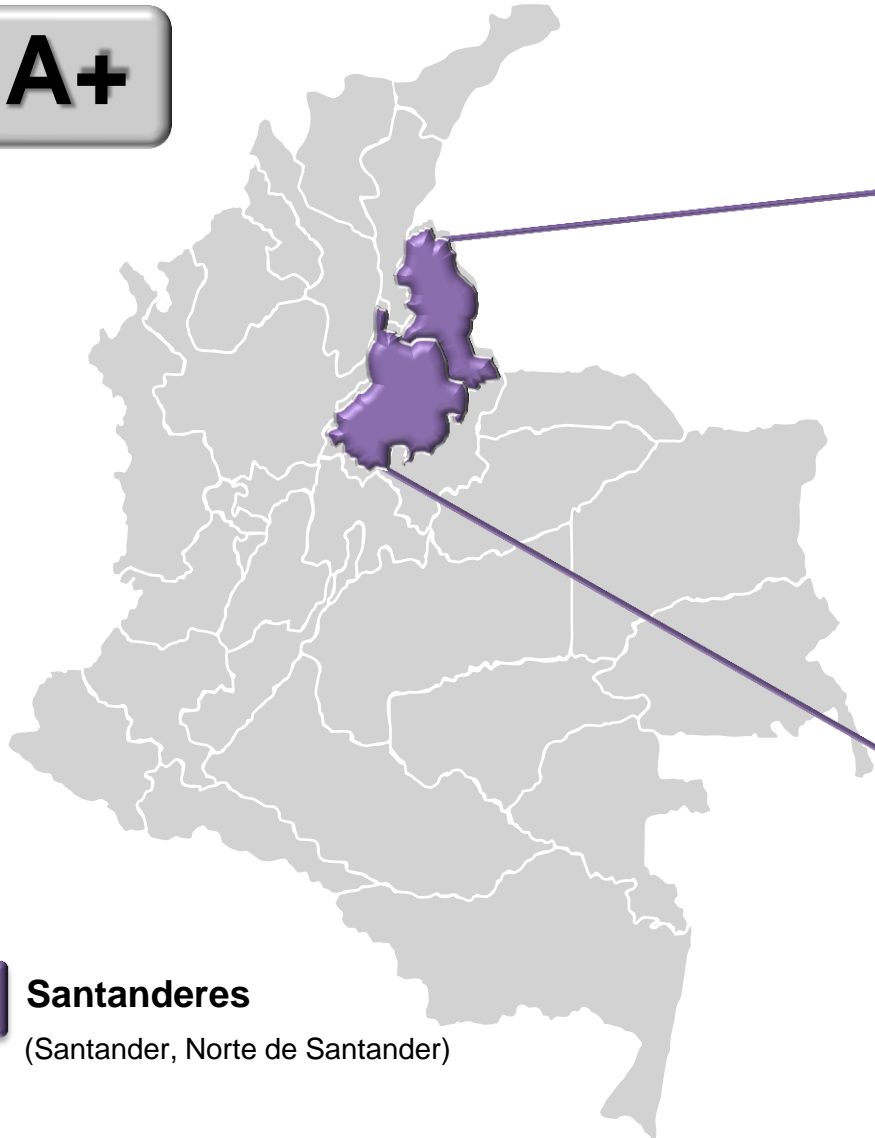
Caribbean

(Bolívar, Magdalena, Atlántico, Guajira, Sucre, Córdoba, Cesar)

More than a half of A+ companies in “Santanderes” are dedicated to manufacturing.

84 companies A+, Share of 4.3%

A+



Services



Agribusiness



23%

25%

52%



Manufacturing

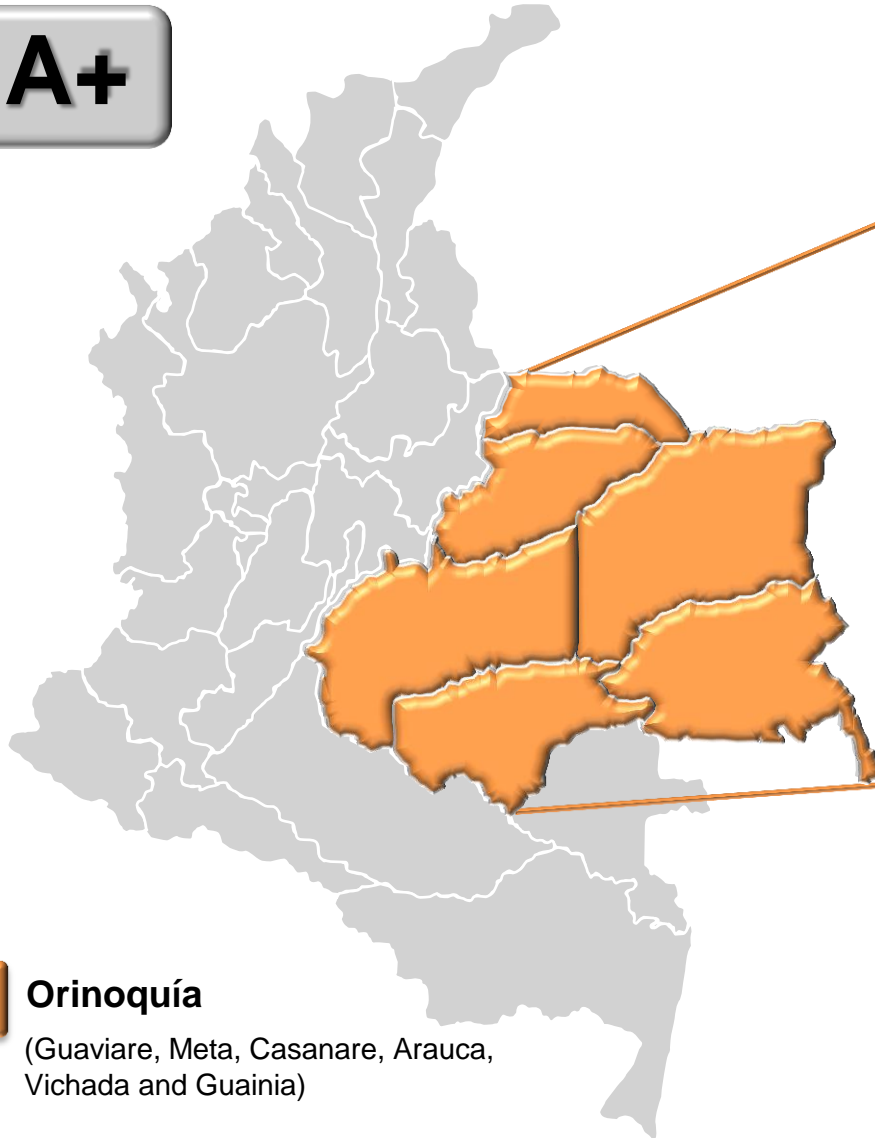
 **Santanderes**

(Santander, Norte de Santander)

More than 80% of the A+ Orinoquia's companies are dedicated to manufacturers and agribusiness

25 companies A+, Share of 1.3%

A+



Services



12%

Agribusiness



24%

64%



Manufacturing

Orinoquia

(Guaviare, Meta, Casanare, Arauca, Vichada and Guainia)

To sum up

- **Colombia stands as one of the most interesting emerging markets in Latin America. It ranks among the top countries in the region due to its market size, macroeconomic stability, long term growth potential, and new business opportunities.**
- **A sustained improvement in security conditions has led to a significant growth in foreign investment, exports and international tourism. The boom in Colombia's oil and mining sector has been fueled by foreign private investment. Likewise, an increasing number of foreign companies in the manufacturing and services sectors, as well as private equity funds, are choosing Colombia as a location for their investments.**
- **There are many opportunities for international companies in Colombia to serve the local market and to export to third markets taking advantage of Colombia's competitive location, its network of FTAs, and the country's abundance of natural resources and competitive human capital.**
- **Count with Proexport to support you in assessing business opportunities with Colombia.**

Gracias Спасибоありがとう Merci Danke 감사합
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