U.S. Country Commercial Guides

Colombia

2020

U.S. Department of Commerce | International Trade Administration

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Doing Business in Colombia

Market Overview

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 50 million inhabitants. An improved security environment and steady economic growth prior to the COVID-19 pandemic made Colombia one of Latin America's more attractive destinations for exports and investment. The country's current President, Ivan Duque, is a pro-business political moderate and a strong ally of the United States. President Duque implemented aggressive measures in March 2020 to contain the COVID-19 pandemic, which included a national quarantine and closure of the country's airspace to international and domestic flights through September 1, 2020. While Coronavirus infection rates and fatalities in Colombia have not been as high as other countries in the region, most notably Brazil, the pandemic has nonetheless had a negative impact on employment, government revenues, economic growth, and has delayed implementation of many key projects and government acquisitions.

The U.S.-Colombia Trade Promotion Agreement (TPA), in effect since May 2012, initially gave a boost to U.S. exports to Colombia, but the growth rate has slowed in recent years due to a combination of factors. The main contributor has been a depreciating and undervalued Colombian currency -the peso- that has generally fallen in line with global oil prices (the county's principal export). A drought and a national strike in 2016 by transportation workers led to a spike in inflation and put further downward pressure on the Colombian peso. Compounding these events was a tax reform package in 2017 that was viewed by many analysts and credit rating agencies as insufficient to shore up government revenue. The tax reform also raised the national sales tax (VAT) from 16 percent to 19 percent and put a damper on consumption. The country was seeing an uptick in economic growth in 2019 following a rebound in consumer confidence and domestic manufacturing, but the COVID-19 pandemic has reversed much of this momentum, with the Colombian peso sinking to a record low against the dollar on March 17, 2020.

According to the Colombian National Statistics Department (DANE), Colombia's Gross Domestic Product (GDP) growth was 3.3 percent in 2019, compared to 2.7 percent in 2018. Before the onset of COVID-19 in March 2020, the DANE had projected 2020 GDP growth of 3.7 percent, but the most recent projection by the International Monetary Fund (IMF) estimates a contraction of Colombia's economy of 7.8 percent in 2020. Foreign Direct Investment (FDI) into Colombia in 2019 increased almost 26 percent and was valued at USD 14.5 billion. Investments were concentrated in the extractive industries.

Colombia's inflation rate remained stable at 3.8 percent throughout 2019 and within the Central Bank's target range of two-to-four percent. Inflationary pressures have remained low in 2020 and rates have stayed within the Central Bank's target rate due mainly to depressed consumer demand during the pandemic. Colombia's Central Bank (Banco de la Republica) maintained benchmark interest rates at 4.25 percent throughout 2019 but has cut rates in 2020 down to two percent as of September in an effort to stimulate economic activity.

In addition to the impact of COVID-19, the presence of Venezuelan migrants in Colombia, estimated at approximately 1.7 million as of March 2020, will continue to put downward pressure on Colombia's economic growth and widen budget deficits. Colombia's Ministry of Finance estimates the cost of Venezuelan migrants to Colombia's economy, especially the country's healthcare and education systems, was USD 1.2 billion in 2019 and will be USD 1.3 billion in 2020, which equals almost one percent of Colombia's annual economic output. The Minister of Finance announced in March 2019 that the country's annual fiscal deficit target will be relaxed from 2.4 percent to 2.7 percent of GDP due to the economic impact of Venezuelan migrants. Colombia's Fiscal Rule, introduced in 2012, sets a goal for budget deficits to be within one percent of GDP by the year 2022. In 2020, the Ministry of Finance announced a suspension of the fiscal rule for the years 2020 and 2021, citing the negative impact of COVID-19, the continuing slump in petroleum prices, and the global economic recession. Colombia's budget deficit is currently estimated to be approximately eight percent of GDP. Credit rating agencies did not downgrade Colombia's credit rating following the decision to relax the Fiscal Rule, but the move puts increased scrutiny on the country's finances in the near term, and several credit rating agencies revised their outlook for Colombia from stable to negative due to the economic contraction and increased government spending on social programs and assistance related to COVID-19.

While the current exchange rate and strong dollar make U.S. exports to Colombia relatively expensive and less competitive, certain sectors are nonetheless seeing strong growth, especially U.S. agricultural exports like pork, chicken, seafood, soy products, dairy, corn, and beans, and exports related to the commercial aviation sector. Colombia's ranking as an export market for U.S. agricultural products jumped from 24th place in 2011 to 12th place in 2019. Agriculture exports to Colombia from the United States were valued at USD 2.6 billion in 2019, more than double their 2011 value. Grains used in animal feed continue to see significant gains in the Colombian market. Other U.S. exports to Colombia that have enjoyed significant growth since the implementation of the TPA include aircraft and aircraft parts, which benefited from the elimination of a five percent tariff and which continue to see strong growth into 2020 despite the COVID-19 pandemic and its impact on the airline industry. These exports reached an average of nearly USD 666 million per year during the period 2013-2018, up from USD 334 million in 2011. Exports of pharmaceutical products, which amounted to USD 199 million in 2011, have averaged almost USD 274 million per year under the TPA.

The United States is Colombia's largest trading partner and Colombia was the 22nd largest market for U.S. exports in 2019. U.S. exports to Colombia in 2019 were valued at USD 14.7 billion, a decrease of two percent compared to the prior year. Due to Colombia's close political ties and geographic proximity to the United States and Colombians' appreciation for the quality and reliability of U.S products, consumers in Colombia generally have a preference for U.S. products and services. However, Colombia is a price-sensitive market and price often dictates purchasing decisions. The impact of the COVID-19 pandemic on government revenues has made price an even greater consideration in public procurement decisions. Consequently, Chinese products are increasingly capturing market share and China is now Colombia's second largest source of imports after the United States. China mainly buys commodities from Colombia such as petroleum and coal and is now Colombia's second largest export market, with 2019 exports from Colombia to China reaching USD 4.5 billion. The United States, however, is still the largest buyer of Colombian products and imported over USD 11 billion in 2019.

In terms of Foreign Direct Investment (FDI), China has been slower to make inroads in Colombia to the same extent it has elsewhere in the region, where Chinese firms are dominant players in energy and infrastructure projects. This scenario is changing rapidly, however, as 2019 saw increased Chinese participation in various sectors of the Colombian economy, including transportation, port and highway infrastructure, and ICT/Telecoms. China's FDI flows to Colombia in 2019 contracted by an estimated USD 9 million, compared to an increase of USD 2.6 billion for the United States. Extractive industries, such as coal mining and oil and gas exploration and production, are the principal areas of U.S. foreign direct investment in Colombia, followed by consumer goods, information technology, franchising, and tourism. Greater investments in Colombian infrastructure projects ranging from roads, airport modernization, port construction and expansion, and major hotel developments are projected over the next 10 years. President Duque recently announced the rollout of the country's Fifth-Generation, or 5G, infrastructure initiative, a program that aims to invest over USD 4 billion in waterway, rail, and airport transportation improvements.

The U.S.-Colombia Trade Promotion Agreement (TPA) entered into force in May 2012 and immediately eliminated import tariffs on 80 percent of U.S. exports of consumer and industrial products to Colombia, with remaining tariffs to be phased out over 10 years. Other provisions include stronger protection for U.S. investors (legal stability), expanded access to service markets, greater intellectual property rights protection, market access for remanufactured goods, and improved dispute settlement mechanisms (arbitration). The Colombian Government has implemented bilateral or multilateral trade agreements with most countries in the Western Hemisphere, including the United States and Canada, and has trade agreements with the European Union, the Pacific Alliance (Colombia, Chile, Mexico and Peru), South Korea, and a pending agreement with Panama. Colombia is also in discussions with the United Kingdom to implement a Post Brexit trade deal.

Colombia has five commercial hubs in the country: Bogota, Medellin, Cali, Barranquilla, and Cartagena. In contrast, most Latin American countries have only one or two major cities, while Colombia offers U.S exporters access to 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 it is common to have one partner (agent, distributer, or representative) cover the entire country.

Market Challenges

The majority of U.S.-made products are not subject to import duties under the U.S.-Colombia Trade Promotion Agreement. For those products still subject to import duties, most will see tariffs incrementally phased out by the year 2023. Despite the elimination of many market barriers by the TPA, U.S. companies still face challenges when doing business in Colombia. This is particularly the case with extractive industries like oil/gas and mining, as well as professional services. One of President Duque's main priorities is combating corruption, which creates an unlevel playing field for U.S. companies in Colombia, particularly in projects related to infrastructure, where a lack of transparency and excessive risk in contracts discourage participation by many U.S. companies. Colombia has been on the United States Trade Representative (USTR) Special 301 "Watch List" every year since 1991, reflecting ongoing challenges in the enforcement of intellectual property rights (IPR). After being downgraded to the Priority Watch List in 2018, Colombia was upgraded by USTR to "Watch List" status in April 2019 due primarily to the passage by Colombia's Congress in 2018 of several key IPR safeguard provisions, including copyright law amendments. Colombia remained at "Watch List" status in USTR's 2020 report, with ongoing IP concerns related to pirated goods and counterfeits.

Environmental licenses must be obtained in order to execute certain projects in sectors such as mining and oil exploration, and the process is often time-consuming, unpredictable, and can take several years to complete, with many licenses never actually being issued. Companies in these sectors must frequently go through a process called *consulta previa* in which indigenous and other ethnic minority groups must be consulted before projects can be carried out in their communities. This process can take several years to complete and some projects are never approved. The *iniciativa popular*, or local referendum, is a mechanism used by some communities to oppose activities by companies in the extractive industries. Several high-profile cases in recent years resulted in the shuttering of major international operations, such as South Africa mining concern Anglo Gold Ashanti's USD 2 billion La Colosa project that the company was forced to abandon in 2017 after a local referendum banned mining in the municipality.

A ruling in 2016 by Colombia's Constitutional Court allows local government officials broad authority to stop projects in the oil/gas and mining industries out of concern for the environment. Since the ruling, local governments established "protected areas" in some local communities where U.S. companies in the extractive industries had operations, thus suspending these projects indefinitely. The pervasiveness of informal and illegal mining and logging in Colombia and the environmental damage that accompany them tarnish the image of the mining industry in general and generate resistance to legitimate mining concerns that adhere to environmental standards and labor regulations.

Regulations and standards are another area of concern for U.S. businesses in Colombia. Regulations sometimes change without adequate notification given to the World Trade Organization, industry, and other relevant stakeholders. Moreover, the comment period normally required for stakeholders to voice their opinions on the proposed regulatory change can be insufficient, and comments might not be given adequate review by relevant Colombian authorities. Consequently, U.S. companies are sometimes uncertain how to comply with new regulations and some recently proposed regulations have blocked U.S. companies from the Colombian market entirely. In the area of standards, there have been proposals to adopt European standards at the exclusion of U.S. standards as well as proposals to require standards tests to be conducted by Colombian testing laboratories when no such laboratories exist in Colombia or when such tests have already been conducted at a certified lab in the United States. Colombia's 2020 accession to the OECD is expected to bring the country in line with international norms and standards, and the United States Government will continue to collaborate with Colombian regulatory officials across diverse agencies and ministries to promote best practices and a predictable regulatory environment through technical training programs and other capacity building initiatives.

The government procurement process in Colombia remains a barrier for many U.S. companies as a lack of transparency and competitive bidding conditions in the public tender process have resulted in U.S. bidders being excluded from key projects such as infrastructure development and project management. The Colombian Government is making efforts to address this issue through the establishment of public procurement agencies such as *Colombia Compra Eficiente* (Colombia Efficient Procurement), which has implemented a transactional, online procurement platform called SECOP II that is intended to promote more transparency in the RFP process in public works projects. The United States Government is also collaborating with Colombian counterparts on initiatives such as the Global Procurement Initiative (GPI), a USTDA partnership that encourages Colombian contracting authorities to focus on long term value and best practices in public procurement.

Logistics costs are another challenge to doing business in Colombia. Due mainly to poor infrastructure that must wind its way through some of the world's tallest mountain ranges, logistics costs are some of the highest in the region, and movement of products from the two main ports of Cartagena and Buenaventura to central locations like Bogota and Medellin adds considerable costs. These additional costs can be prohibitively expensive for sectors such as restaurant franchises, which must import most ingredients from abroad through the country's two major ports. Colombia's 4G and 5G infrastructure investment initiatives are expected to alleviate these costs, but the benefits will not be seen immediately as many these projects will take years to complete.

Although the TPA eliminated most barriers to U.S. exports of manufactured products, barriers still exist for U.S. professional services firms in Colombia:

- 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.
- 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 (office, branch, or subsidiary) is required to provide information processing services and to bid on Colombian government contracts.
- Barriers to entry in telecommunications include cross subsidies, the requirement for a commercial presence in Colombia, and an economic needs test.
- In order to offer services, 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.
- Infrastructure projects with Colombian public entities may include unlimited liability in contracts, a practice that results in additional risks and which leads many U.S. construction and project management firms to avoid this market altogether.

Market Opportunities

Following the signing of the peace agreement with the FARC insurgency group in 2016 and Colombia's improving security environment over the last two decades, the country is enjoying a period of improved stability and economic prosperity that is stimulating development in several key sectors, including infrastructure, tourism, job training, education, and rural development. The tighter government budgets and restrictions on travel that resulted from the COVID-19 pandemic have put temporary dampers on many of these sectors' near-term prospects, but all are expected to rebound and remain priorities of the Colombian Government, especially rural development and tourism. The travel restrictions and teleworking measures in place during the COVID-19 pandemic are generating demand for virtual tools that enable distance learning, virtual meetings, and virtual reality technologies that facilitate events like virtual trade missions and high-level engagements. Teleworking measures are also reinforcing demand for faster internet connectivity and connectivity in more remote areas of the country.

In addition to rural development, tourism, and dealing with the COVID-19 pandemic, President Duque's priorities include developing the "Orange Economy" (creative industries like film, music, arts, design, programming, etc.), and combating labor informality and political corruption. Colombia could see a marked increase in foreign direct investment following its May 2018 invitation to accede to the Organization for Economic Cooperation and Development (OECD). Colombia's OECD membership was formalized by Colombia's Constitutional Court in 2020, with Colombia becoming the organization's 37th member. The United States was Colombia's leading foreign investor in 2019, with annual investment flows totaling USD 2.6 billion and a total FDI stock of USD 8.2 billion.

Energy (oil and gas, mining) accounts for the majority of foreign investment into Colombia from the United States, and the sector experienced several recent developments that are opening up new opportunities for U.S. companies. In January 2019, the Ministry of Mines and Energy renewed a 20-year extension of U.S. mining concern Drummond's La Loma mine. In February 2019, Colombia's majority state-owned oil company Ecopetrol announced it would spend over USD 500 million on three pilot projects that will use hydraulic fracturing ("fracking") to extract oil and gas, with involvement by U.S. companies such as ExxonMobil. Although fracking remains controversial in Colombia and faces organized opposition, the pilot projects are a significant accomplishment and may pave the way for future projects using fracking technology. In addition, there was a wave of new exploration and production (E&P) contracts signed in 2019 after almost five years with almost no activity. Several blocks are in offshore areas of the Caribbean and were awarded to U.S. companies, including Noble Energy and ExxonMobil. The increase in offshore activity is expected to reverse declines in Colombia's hydrocarbon sector and generate new business opportunities, especially for maritime support services. In addition, EcoPetrol has initiated several fracking projects in the United States and is developing expertise in this area.

Colombia's extensive, ongoing infrastructure projects will generate demand for project financing, design, logistics, as well as equipment for construction of public roads and airports, water treatment, water supply, electric power generation, oil and gas exploration, pollution control technologies, port security, railway construction, transportation, security and defense items and services, and mass transit systems. The Fifth-Generation infrastructure initiative will bolster demand for these services in addition to creating demand for services related to river dredging, airport master plans, urban planning, and other construction and design services.

The United States Trade and Development Agency (USTDA), the Development Finance Corporation (DFC, formerly the Overseas Private Investment Corporation- OPIC), and the United States Export Import Bank (EXIM) support U.S. companies to develop export markets and make inroads in key sectors such as oil and gas, petrochemicals, renewable energy, telecommunications, transportation, and ports. USTDA grants have resulted in significant contracts being awarded to U.S. companies at Colombia's two oil refineries, and USTDA grants for customs security and operational enhancements at the ports of Cartagena, Buenaventura, and Puerto Salgar should increase prospects for U.S. exporters. Passage of the BUILD Act by the U.S. Congress in October 2018 gives the DFC more resources and strengthens its mission and ability to help U.S. companies expand internationally. In August 2020, the DFC announced the U.S.-Colombia Growth Initiative, or *America Crece*, a multibillion-dollar, bilateral initiative with a broad focus that includes rural development, land titling, rule of law, infrastructure improvement, alternative crops, and strategic communications. In May 2019, the U.S. Senate confirmed three nominees as members of EXIM's board of directors and restored the export credit agency to full financing capacity. The confirmation re-establishes the quorum needed for EXIM to authorize transactions greater than USD 10 million.

Colombia is one of four countries in Latin America that is authorized by U.S. Customs and Border Protection (USCBP) to use its Global Entry program that allows expedited screening and processing of low-risk, international visitors at airports in the United States. President Duque also signed an agreement in 2019 with USCBP for a Preclearance facility at Bogota's El Dorado Airport that would allow Colombian travelers to land in the United States as if they had flown on a domestic flight. Both of these programs will facilitate increased business and leisure travel by Colombians to the United States. Colombia continues to work with U.S. Government counterparts on the specifics of this program, especially the financing angle of the Preclearance installation.

Other opportunities for U.S. exporters include: agricultural products like cotton, wheat, and pork; automotive parts and accessories; aviation parts and accessories; computer hardware and software services; IT equipment and services; electrical power systems; safety and security equipment; food and beverage processing and packaging equipment; medical equipment; plastics materials and resins; oil and gas equipment; and mining equipment.

U.S. companies wanting to export Personal Protection Equipment (PPE) and other healthcare equipment and products related to the COVID-19 pandemic must first obtain approval from several U.S. Government agencies, including the Federal Emergency Management Agency (FEMA). More details can be found at FEMA website.

Market Entry Strategy

Best practices for market entry strategies encompass the following:

- 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.
- Conduct thorough due diligence in order to know your partner and understand the market- the Commercial Service offers a host of services to assist your company with its due diligence process.
- Communicate with the U.S. Commercial Service and the Economic Section of the U.S. Embassy in Bogota regarding specific concerns, such as regulatory issues.
- Offer excellent after-sales service arrangements and maintain the sales relationship; warranties on imports are critical for supporting after sales service in Colombia.
- Provide high quality products and/or services and offer affordable financing and competitive pricing.
- Support your local partner's marketing efforts with advertising campaigns or by participating in trade shows.
- Visit the market often; take advantage of Colombia's geographic proximity to the United States and the abundance of flights connecting Colombia to all regions of North America.
- Translate sales collateral and service manuals into Spanish, as this may be required in certain sectors like medical products; a U.S.-based staff with Spanish language skills is useful.
- Attend functions of local business promotion organizations such as the Council of American Businesses (CEA) and the American Chambers of Commerce (AmCham), which number five in Colombia (Bogota, Medellin, Cali, Barranquilla, and Cartagena).

Leading Sectors for U.S. Exports & Investments

Defense

Overview

President Ivan Duque Marquez was elected President of Colombia and Commander-in-Chief of the Armed Forces on June 17, 2018 after defeating Gustavo Petro 54 percent to 42 percent. Colombia's persistent problems continue to shape the new administration's agenda: record high coca production and public safety issues attributed to the guerrilla National Liberation Army (Spanish: Ejército de Liberación Nacional, ELN), criminal organizations (BACRIM), and the socio-economic problems from Venezuela.

President Duque lived in the United States for over a decade and is familiar with the laws in the United States that govern American companies and business ethics, such as the U.S. Foreign Corrupt Practices Act. One of Duque's priorities is to combat corruption in public entities. It is pervasive in the Colombian government and has been the focus of the press and the Colombian public over the last few years, especially considering the 2016 Odebrecht scandal that exposed endemic corruption across Latin America. A focus on corruption could open opportunities for U.S. companies in the provision of goods and services. Colombia recently became the first Latin American partner of the North Atlantic Treaty Organization (NATO) in December 2018. The expectation is that the agreement will promote a more transparent procurement process and alignment with this organization and its member states. The defense sector had a sluggish year in 2019 that will most likely extend into 2021, largely due to budget constraints. Colombia's defense budget increased slightly in 2020 to a total of USD 10.9 billion. Of this total, USD 294 million is earmarked for purchases of equipment and hardware. For 2020, the budget continues to be focused on maintaining ground forces that are needed to cover the rural zones formerly occupied by FARC guerrillas, now seeing presence of ELN and the drug trafficking organization BACRIM. Additionally, Colombia's Armed Forces continue to transform into a traditional force that protects national sovereignty from external threats, instead of solely fighting an internal conflict against armed guerrilla groups.

The Peace Agreement with FARC and Post Conflict

The demobilized guerrilla group FARC has converted itself into a small political party that has had no official army since the peace deal was signed in 2017. There is a dissident faction of the FARC that did not demobilize, and their numbers are estimated to be from 2,500 to 3,000 members. This dissident FARC group has resumed kidnapping and drug smuggling activities, especially along the Colombia-Ecuador and Colombia-Venezuela border area. The government is investing significant resources in the reintegration process of former combatants but has also warned that FARC dissidents who do not join the formal peace process will be treated as criminals and will forfeit all benefits given by the peace treaty. President Duque had stated in several press interviews that he believes the Venezuelan government is supporting and hosting FARC dissidents including some of their former leaders. Since the new administration has taken office, many key dissident leaders have been captured or killed in action.

Record Levels of Coca Production

In recent years Coca cultivation in Colombia has reached record high levels of approximately 209,000 hectares. There are many reasons for the increase, but perhaps the largest driver of the growth in the sector is how lucrative the crop is for farmers and the lack of aerial fumigation of coca fields. One ton of corn sells for approximately the same price as one pound of cocaine paste. The Colombian Government banned aerial spraying in 2015 over concerns that the chemical agent used in spraying was carcinogenic, but is currently weighing a decision to re-start aerial spraying with this chemical. While this process is much faster and effective than alternative methods, most eradication is now carried out manually, which is labor-intensive, extremely dangerous, and slow. Colombia's rugged and mountainous geography makes manual eradication difficult and the landscape is riddled with landmines, IEDs and snipers. The Colombian Armed Forces are being tasked with clearing landmines, manual eradication of coca, and the protection of the eradicators. At the start of 2019, the government promised to eradicate 100,000 hectares of coca crops by the end of 2019 and they eradicated 94,606 hectares. The goal for 2020 is to eradicate 70,000 hectares. The use of drones for aerial spraying is now being discussed and carried out in small, pilot projects, but has had limited success due to logistical complexities.

ELN Peace Negotiations

Peace talks have been suspended with Colombia's largest remaining guerilla group known as the National Liberation Army, or ELN. Negotiations were taking place in Ecuador and had moved to Cuba, which is where the peace deal was reached with the FARC in 2017. During the first few months of 2018, there were bombings around the city of Barranquilla that targeted three police stations, fatally wounding five officers and injuring 41 people. This event led President Duque to end peace talks. Additionally, ELN claimed responsibility for a car bomb attack that occurred on January 17, 2019 at a Bogota police academy, killing 20 people. The Government of Colombia has requested the extradition of five heads of ELN to the Cuban government; however, there are no expectations of the Cuban government complying with the request.

The Rise of "Bandas Criminales", or "BACRIM" (Criminal Organizations)

Colombia's criminal organizations are composed mostly of former right-wing paramilitary groups, small narco-trafficking organizations, and FARC/ELN dissidents, who have been fighting to control areas used in the cultivation and production of illicit drugs, illegal mining operations, and illegal logging. BACRIM do not espouse any ideology other than profits and personal enrichment. Some of the most notable BACRIM organizations are composed of drug traffickers and guerilla groups decedents, some of which have the support of Mexican cartels. One of the ongoing priorities of the Colombian Armed Forces is to gain control of remote parts of the country and establish a government presence to thwart further advances by the BACRIMs. Many of these areas continue to lack a stable government presence and have been under the control of criminal organizations.

Security in Urban Areas

As life in rural Colombia experienced a decrease in fatalities and kidnappings, the cities have suffered a surge in violence, mostly caused by the demobilization of paramilitaries and guerilla groups. This violence is often focused on drug-related vendettas and is a major challenge for the National Police. In some cities, such as the port city of Buenaventura, violent crime has reached the point where the military has assumed many responsibilities of the police force.

Regional Issues: Venezuela and Nicaragua

The Government of Venezuela is making a desperate attempt to shift attention from a deteriorating domestic situation, where food shortages and an autocratic regime are fomenting social unrest, street protests, and violence that have created one of Latin America's largest refugee crises in history. The combination of Venezuela's chaotic economy suffering from hyperinflation (which has made food and healthcare inaccessible for many) and Colombia's criminal insurgency has led to high criminal activity within the Colombia-Venezuela border. As the crisis in Venezuela drags on, many inhabitants have fled to other countries such as Colombia, the United States, Spain, and other South American countries. Colombia's foreign minister stated in October 2018 that there could be up to four million Venezuelans in Colombian by 2021. As of April 2020June 2019, there are an estimated 1.81.4 million Venezuelans in Colombia, which has put strains mainly on Colombia's healthcare system (however, several Venezuelans have returned to their country during the COVID-19 pandemic).

Nicaragua and Colombia continue to disagree over maritime boundaries in the Caribbean Sea, where Colombia exercises sovereignty over the islands of San Andres and Providencia. The International Court at The Hague has sided with Colombia's claim of sovereignty over the San Andres Archipelago, but not with Colombia's claim that the 82nd meridian west is the maritime border between the two nations. The issue continues to be tense but has not dominated news headlines in recent years.

The Government of Colombia's 2020 Defense and Police budget is focused on modernizing the Armed Forces and to face the country security challenges (in the regions). Ongoing conflicts will sustain spending of approximately 3.6

percent of the country's annual economic output on training and equipment for the military and police. Overall, the 2020 defense budget received an annual four percent increase, which will have little impact when considering inflation and Colombian peso devaluation. The budget will allow for the slow replacement and maintenance of ageing equipment, the building of new police stations (battalions and commandos), upgrades to communication equipment, and support for demining brigades. The Ministry of Defense added that part of the increase in military investment will be used to return Armed Forces to areas that have not seen troops in a long time because of the FARC. This return of more manpower has expensive logistical repercussions.

The Colombian Armed Forces have a budget of approximately USD 10.9 billion, which is equivalent to roughly 14 percent of the total Colombian budget for 2020. Most of the defense budget will be designated for operational activities, such as payroll, procurement of basic goods and services, and pensions. Only USD 294 million (about two percent) will be invested in strengthening the security and strategic capacity of the Armed Forces through the purchase of new equipment.

The internal and external defense and security structure is composed of the Army, Navy (which includes Marines and Coast Guard), Air Force, and the National Police. Under Plan Colombia, significant U.S. funding, technical assistance, and equipment support have been provided to Colombian-led counter narcotics programs for drug eradication and interdiction. Plan Colombia expired in 2012, but American support remains critical to Colombia's Armed Forces, which today mostly comes from the U.S. State Department's INL division (International Narcotics and Law Enforcement Affairs).

Despite the peace accord with the FARC, the Colombian government continues to spend on military training and the fight against narco-terrorism, trade in contraband, and to secure at-risk areas using the National Police. Colombia is especially committed to developing security surveillance and enforcement in remote regions of the country such as La Guajira, Arauca, Choco, Putumayo, Nariño, Cauca, and Meta, areas where the government has exercised little to no presence, giving leeway for criminal activity to flourish.
Through the Foreign Military Sales Trust Fund, the U.S. Department of Defense provides equipment and training to the Colombian military and police by means of military assistance programs. Other sources of funding include the U.S. State Department and programs that it administers, such as the INL program. INL 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, mainly focused on supporting the police force for drug eradication/interdiction operations.

The Colombian congress approved Law 80 in 1993, under which preferential treatment is given to goods and services for security and national defense made in Colombia by local manufacturers over goods made by foreign manufacturers. However, under Chapter Nine of the National Treatment Caveat of the United States-Colombia Trade Promotion Agreement (TPA), U.S. companies must be treated as locals when they participate in public bids, eliminating the disadvantage they used to face prior to implementation of the TPA. Typically, some non-sensitive equipment may be procured through Colombia Compra Eficiente, but most sensitive hardware, which is the majority of purchases, is acquired through private invitations, a process that is not always transparent or easily understood by many foreign companies. American companies should inform the U.S. Embassy in Bogota of their intentions to bid on an RFP and, if appropriate, have the Embassy advocate to the host government to select their solution.

The United States continues to enjoy a privileged relationship with Colombia with regards to military equipment acquisitions. However, competitors from France, Germany, United Kingdom, and Israel are also important players and are increasingly gaining market share. The Colombian military tends to use standardized equipment and values relationships, quality, warranties, interoperability, and familiarity with equipment. According to official estimates, U.S. imports market share in 2019 represented 25 percent of Colombia's total imports of military equipment.

The Colombian military maintains high standards for its equipment, which has historically been a great opportunity for U.S. exporters. However, the United States could lose market share in the future due to more competitive bidding from foreign manufacturers and corruption in the procurement process. U.S. manufactured fabrics are already losing market share in certain sectors such as specialized fabrics for uniforms, which are increasingly being sourced from China.

Colombia has persistent corruption issues across many different sectors which can make participating in the public procurement process difficult. It is essential for American companies to find a local representative to support in-country dealings. It is also important for American companies that are participating in public tenders with the Colombian Armed Forces to contact officials at the U.S. Department of Commerce at the American Embassy in Bogota and make them aware of their participation.

Leading Sub-Sectors

In 2020, Colombia will continue to be a major defense equipment importer via state-owned entities; INDUMIL (arms and ammo), CIAC (aviation), CODALTEC (digital), and COTECMAR (naval). These entities can be key partners for American companies that are willing to do technology transfers.

Like other armed forces, Colombia continues to upgrade equipment in all branches of the military, making it an attractive market for a variety of products and services:

- Upgrades, parts and support for the Blackhawk and Huey helicopter fleets
- Construction of Command and Control Centers in Bogota and other cities
- All type of equipment used for demining, especially light hand-held devices to be used in rugged terrains
- Transport trucks, including regular (troop and cargo carrier), armored and tactical
- Upgrades to fixed wing aircrafts
- Artillery: modernization of existing equipment and possible purchase of additional units
- Riverine and maritime boats
- Tactical and survival equipment
- Radio communication systems
- All types of tactical equipment as well as bomb disarming gear
- Equipment for manual eradication of illicit crops

American companies can also consider providing materials, equipment, and machinery to local manufacturing facilities:

- INDUMIL (manufacturer of Galil rifles, Cordoba pistol, ammunition and explosives)
- COTECMAR (currently manufacturing patrol vessels under Fassmer’s license and LPR 40s)
- CIAC (Manufacturer of aircraft parts and the T-90 Calima)
- CODALTEC (simulator manufacturer and software developer)

Opportunities

Military equipment trends have remained constant following the 2016 peace deal signed with the FARC. The government continues to fight drug trafficking groups and to conduct drug interdiction and eradication. Due to the improvement in 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 that has increased purchases of 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 and investments in COTECMAR indicate that the government’s interest is in increasing the protection of the Caribbean coast, especially around the islands of San Andres and Providencia. There has been ongoing interest from the Ministry of Defense to purchase fighter jets, with possible candidates including the F-16. However, this project has been moving very slowly, mostly due to budget constraints and the fact that the Airforce must review the pricing of every option available in the market. Cavalry continues to show considerable interest in upgrading its armored, lightly armored, and tactical vehicles to better control national territory and sensitive border areas.

In 1990, the United States Government provided Colombia with 18 UH-1N helicopters and Colombia has since bought 36 more. In 2010, the Colombian military had 280 helicopters and 200 fixed-wing aircraft with no new major purchases projected through 2019, except for a possible purchase of helicopters with higher capacity to transport troops and equipment. Due to this large aircraft fleet, there are continuous opportunities for training, parts, and maintenance of these aircraft, especially 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 and survival accessories, search and rescue equipment, protective clothing, emergency medical equipment, and trauma-life support systems.

Colombia's Armed Forces (including National Police) active personal total approximately 475,119. In recent years, key needs have been ammunition, night vision goggles, survival equipment and kits (up to USD 400,000 per year), flight suits and footwear (up to USD 200,000 per year), personal arms (M4 rifles, M9 pistols), grenades, binoculars, and medical equipment. The Colombian Army continues to upgrade its equipment and uniforms with engineered textile solutions, smart textile materials, as well as integrated communication aircraft helmets.

Customs, Regulations and Standards

Import Tariff: The majority of defense and military equipment have no tariffs due to the implementation of the U.S.-Colombian Trade Promotion Agreement in May 2012. Companies are encouraged to check the Harmonized Code (Schedule B) to better understand the tariffs and taxes they would have to pay to export to Colombia. Corruption and lack of transparency in public procurement are the largest non-tariff trade barriers for American companies in Colombia. Please contact the Foreign Commercial Service at the American Embassy in Bogota before submitting paperwork for a procurement process with the Colombian Armed Forces.

Trade Events

Expodefensa
November 29 - December 1, 2021
Bogota, Colombia

F-Air
International Aeronautics Fair
July 2021, Medellin, Colombia

ColombiaMar
Conference and trade show for naval industry
March 10-12, 2021
Cartagena, Colombia

Web Resources

Ministry of Defense
Ministry of Finance
Info Defense

For additional information, including market analysis, trade events, and the products and services that the U.S. Commercial Service can provide to help you succeed in the Colombian market, please contact:

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Education
Overview

U.S. colleges and universities remain the preferred overseas destination for Colombian students, despite significant competition from other countries like the United Kingdom, Australia, Spain, France, and Argentina. There are several factors that make the United States a leading destination, chief among them higher employment opportunities after graduation, the high quality of education, the chance to improve English skills, and a renewed push by the Government of Colombia to encourage English bilingualism. Furthermore, Colombian businesses are increasing their presence and operations in the United States and bolstering the need not just for English speakers, but for Colombians with actual living experience in the United States and knowledge of U.S. business practices and American culture in general. The preferred states for Colombian students are California, New York, Texas, Massachusetts, Illinois, and Florida. The fields of studies in most demand are those focused on business administration, management, finance, banking, marketing, and engineering.

According to the Institute of International Education, Colombia is ranked 21ST in the world and second among South American Countries (after Brazil) in sending students to the United States. As the peace process solidifies in Colombia and the country becomes more stable and prosperous, the United States is in a good position to see a potential increase in Colombian students.

Leading Sub-Sectors

Table 2: Colombian Student Enrollment in the U.S.

Indicator	2016/17	2017/18	2018/19
Number of Colombian Students	7,982	7,976	8,060
% Change from Previous Year	9.0	-0.1	1.1

There were 8,060 Colombians who traveled to the United States to study in academic year 2018/19, a 1.1 percent increase over the previous year. Colombian students in the U.S. are divided between graduate and undergraduate levels as follows:

Table 3: Colombian Students in the U.S. by Academic Level

Academic Level	2017/18	2018/19	% Total	% Change
Undergraduate	3,273	3,190	39.6	-2.5
Graduate	2,875	2,948	36.6	2.5
Non-Degree	636	661	8.2	3.9
OPT	1,192	1,261	15.6	5.8

Based on data from the Institute of International Education, Colombian students in U.S. colleges and universities contributed USD 319 million to the U.S. economy in 2018/2019 academic 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 studies.

Additionally, the "100,000 Strong in the Americas" innovation fund seeks to increase the number of Latin American students studying in the United States and the number of U.S. students studying in Latin America. Partnerships between universities in the United States and higher education institutions in the Western Hemisphere are increasing the student exchange opportunities and strengthening regional education cooperation throughout the Americas.

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

The U.S. Commercial Service collaborates with Education USA offices in Colombia to support various education fairs that include the participation of U.S. boarding schools, universities, and ESL institutions to promote their programs in Colombia.

With the global job market becoming increasingly competitive, the number of Colombian undergraduate and graduate students in the United States has being growing over the past four academic years. This is partially due to the fact that in Colombia 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 master's degree. Moreover, a degree from a U.S. university can make job applicants that much more competitive in the Colombian workplace.

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 financing higher education through a system of financial aid that allows students to start or continue their higher education either in-country or abroad. In 2019, ICETEX awarded more than 864 scholarships for master's degrees, PhD, and ESL programs for Colombian students abroad. The second institution is COLFUTURO, which is a non-profit organization that provides funds to Colombian professionals and students to study abroad. Their loan program is available to students who have been accepted to graduate programs at foreign universities. During 2019 COLFUTURO awarded 1,368 scholarships for masters and PhD programs, with 257 of those scholarships being for programs in the United States.

COLFUTURO has agreements with many universities, such as: Carnegie Mellon, Columbia University, Duke, Cornell, University of Florida, American University, Purdue University, Tulane University, New York University, University of Chicago, University of Texas, Texas Tech University (TTU), and Harvard University, among others.

Opportunities

Although the exchange rate and the economic impact of the COVID-19 pandemic in Colombia is a big factor for Colombian Students wanting to study in the United States, demand and interest remain strong.

International education is highly valued in the Colombian workplace and a recent survey of employers found that 58 percent preferred to hire people who had earned advanced degrees abroad.

U.S. Schools and Universities will need to provide new technology and tools in order to increase student engagement on Campus and Online. Colombian students have showed interest in new hybrid programs that allow them to take part of their classes in Colombia, and then travel to the U.S. to finish the program on campus and obtain the diploma.

For U.S. schools and ESL institutions, private and bilingual schools in Colombia offer good recruiting opportunities. Schools are interested in sending groups to study in U.S. schools for periods that may vary between three weeks and three to four months. The goal of these short-term programs is mainly to acquire and improve English skills.

Today in Colombia, relatively few high school graduates have an advanced level of English. Colombia's outgoing President Santos recently launched a program called "Colombia Very Well," with the objective of promoting bilingualism in Colombia. The government's goal is to increase the number of high school graduates with an intermediate level of English to 185,000 in 10 years. This will open opportunities for U.S. English language institutions to enter or increase their presence in Colombia.

At the higher education level, private universities also offer important recruitment opportunities for undergraduate and postgraduate programs. U.S. Universities should make initial contact with the office of foreign relations in each university in order to introduce the U.S. University and its programs and areas of specialization.

Colombian universities are interested in having agreements with U.S. universities that offer dual degree programs to allow students and teachers mobility in both directions. This can be accomplished through a combination of two or three years at the local university and one or two years at the U.S. university.

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 is 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 to raise their visibility. This can be accomplished by using the various advertising media available, and by establishing direct liaison with schools, language institutes, education agencies, students and institutions, at all levels. 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. Education USA centers are located at nine binational centers, the Fulbright commission, and COLFUTURO.

Education Fairs and Trade Shows

Education fairs are one of the most effective ways to recruit Colombian students. Colombia has a few education fairs throughout the year. Additionally, Education USA organizes one of the best fairs to promote U.S. Education. This year's fair in Colombia will take place in September in Bogota. Universities interested in participating and exhibiting at the fairs should visit the Education USA web page.

Key Contacts
Institute of International Education
Colombia Ministry of Education
Colombian Institute for Educational Loans and Technical Studies Abroad (ICETEX)
COLFUTURO
Education USA

For additional information, including market analysis, trade events, and the products and services that the U.S. Commercial Service can provide to help you succeed in the Colombian market, please contact:

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Electrical Power and Renewable Energy Systems

Overview

Table 4: Electrical Power and Renewable Energy Systems Overview

	2017	2018	2019
Total Local Production	255	266	290
Total Exports	239	235	256
Total Imports	995	1,121	1,039
Imports from the U.S.	226	257	262
Total Market Size	1,011	1,152	1,073

Units: USD millions
Source: World Trade Atlas; Industry Associations

Colombia's installed electric power generation capacity currently stands at 17,349 MW, with hydro accounting for 68 percent, gas-and coal-fired power plants accounting for 31 percent, and the remaining one percent from wind and cogeneration units. In October 2019, Colombia's Mining and Energy Planning Unit (UPME) has awarded contracts for five wind (1,160 MW) and three solar (238 MW) projects, worth around USD 2.2 billion, to seven developers. The developers will sign a 15-year power purchase agreement (PPA) for 1.29 GW of wind and solar capacity due to be commissioned by January 1, 2022. The projects will contribute to the country's aim to generate 2.2GW of solar, wind and biomass energy by 2022.

After the approval of Law 1715 in 2014, the government maintained its efforts to promote private ventures in large scale, renewable energy projects. The implementation of new regulatory measures supports a suitable environment for unconventional renewable power projects to be competitive and increase the reliability of the power grid system, in addition to developing a sound smart meter infrastructure by 2030.

Leading Sub-Sectors:

- Power distribution and specialty transformers
- Switchgears
- Solar photovoltaic systems
- Wind power systems
- Industrial controls
- Steam, gas, and hydraulic turbines
- Smart meters and demand response systems
- Turbine generator sets

Opportunities

The outlook for the Colombian electricity sector is promising since the government is developing several new power generation projects to accommodate growing demand through 2031. The 2.4 GW Ituango hydro project that suffered from landslides and flooding of its powerhouse has a delay in its completion. Its first unit of phase one is projected to come online in 2022, and the final unit of phase two is projected to reach completion in 2026.The government is currently preparing an upcoming procurement process to implement a large-scale battery energy storage system (50 MW) in the Caribbean region (Atlantico) which currently suffers from reliability and service quality issues. The project is scheduled to be commissioned by June 30, 2022.

Trade Events

FISE 2021 (International Fair on the Electric Sector)

November 16-18, 2021
Plaza Mayor Convention and Exhibition Center
Medellín, Colombia

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Information and Communication Technology (ICT)

Overview

Colombia´s IT market growth decelerated in 2019 due to the depreciation of the Colombian peso against the U.S. dollar. This affected hardware and software affordability in local currency terms, and it continues to slow down in 2020 due to the effects of the COVID-19 pandemic on the local economy. However, the Information and Communication Technology (ICT) sector presents opportunities for U.S. companies able to offer products and services the Colombian market needs to advance with Connectivity and Information Technology (IT) services.

Table 5: Colombia's ICT Market Value

	2018	2019	2020 (est.)	2021 (est.)
Market Value	6.82	6.72	6.00	6.61

Units: USD millions

Source: World Trade Atlas; Industry Associations

Business Monitor International (BMI) forecasts an IT market contraction of -12.8 percent in U.S. dollar terms in 2020 driven by the economic impact of the COVID-19 pandemic and Colombian peso depreciation. On the other hand, the IT hardware industry in Colombia is small and the market relies on imports, while the software and services industry emerged as an important regional nearshoring center.

The Colombian Ministry of Information Technologies and Communication (MinTIC) has consolidated Internet access and ICT for the majority of Colombians in urban areas, with more than 32.8 million Internet connections in 2019 (12.59 million being subscriptions and 18.28 million being done through mobile connections), and planning to increase connectivity in rural areas. The most used technology was 4G with 11.4 million accesses followed by 3G with 6.2 million and 2G with 0.7 million.

In March 2019, MinTIC published a draft project for Universal Sustainable Access (Acceso Universal Sostenible) aiming to provide internet access to 10,000 rural communities in Colombia. On July 25, 2019, Colombia passed the ICT Sector Modernization Law (Law 1978 of 2019). The Law pursues the reduction of the digital gap in Colombia and intends to boost the ICT sector allowing current and new companies to develop innovative projects in connection with ICT services, improve the access to those services and enable the progress and modernization and implementation of new technologies in the country.

According to BMI, investments have been earmarked for bolstering and expanding the existing 4G and fiber networks, as well as making greater use of third-party cloud and infrastructure providers to help meet demand for connectivity. Therefore, delays are expected in the introduction and adoption of 5G in Colombia.

While 5G is not currently available, Colombia does plan to have commercial networks operating by 2022. Some 5G pilot projects were launched in May 2020 and will continue to be awarded in the months thereafter.

Table 6: Colombian International Trade in IT Equipment

IT equipment Imports	2017	2018	2019
Total	989	1,064	1,142
China	666	747	773
Mexico	149	135	189
United States	53	56	54

(Harmonized System Code HS8471: automatic data processing machines and units thereof; magnetic or optical readers; machines for transcribing and processing coded data)

Units: USD millions
Source: Global Trade Atlas

Colombia's total imports of IT equipment amounted to USD 1,142 million in 2019, a seven percent increase compared to 2018. Of this total, 67 percent of imports (USD 773 million) came from China, followed by Mexico at 16 percent (USD 189 million), and the United States at four percent (USD 54 million).

Leading Sub-Sectors

IT sector investment will include digitization, cyber security and blockchain solutions.

1. *Cloud Computing Services*: According to BMI, important developments in cloud computing services, increased data center capacity, and the roll out of a broader portfolio of services by cloud vendors.

2. *Hardware*: upgrading of equipment compatible/enabled for cloud services and mobile devices, particularly for 4G/LTE services with devices such as smartphones.

3. *Data Hosting and Processing Services*: driven by growth in demand for online video and gaming.

Opportunities

The IT sector in Colombia is expected to continue growing above overall economic output rates after the COVID-19 pandemic. Promising prospects are developing for U.S. companies to take advantage of the benefits derived from the U.S.-Colombia Trade Promotion Agreement.

Opportunities for U.S. companies in the Colombian IT market will be driven by increased connectivity and affordability of equipment, multi-sector economic growth, and government programs for institutional and regional modernization. There is demand in Colombia for IT investments and services that boost efficiency and increase flexibility in sectors such as financial services.

MinTIC is focusing on closing the connectivity gap between urban and rural areas through various plans including *Digital Centers*. They guarantee the free provision of Internet service in 10,000 rural and remote communities in the country until at least 2030. The ongoing *Last Mile Program: Connected Homes*, aims to improve the quality of life of low-income households through access, use and appropriation of technology. Tender opportunities can be found on MinTIC's web site.

Telecommunications and the U.S.-Colombia Trade Promotion Agreement

In May 2012, the U.S.- Colombia Trade Promotion Agreement (TPA) came into effect, including a chapter dealing specifically with ICT services. This chapter regulates access to the use of public telecommunication services and stipulates a series of obligations pertaining to suppliers of public telecommunication services, including interconnection, resale of services, number portability, and dialing parity. It also defines the obligations for major suppliers of ICT 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 TPA telecommunications chapter also regulates the operation of submarine cable systems. It 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.

ANDICOM is the most important space of the ICT industry in Colombia and the region, where high-level public and private authorities meet in an ideal marketing and sales environment and in a high-level academic environment. It has the support of multilateral entities such as the World Bank, IDB, ITU, IEEE, OAS, the Ministry of Information and Communications Technology, and the Communications Regulation Commission of Colombia, among others.

The Congress gathers every year around 2,900 participants including the key figures of the industry at business and governmental levels in order to generate significant synergies that outline and, in many occasions, define the policies of the sector.

Web Resources

Ministerio de Tecnologías de la Información y Comunicaciones (MinTIC) *(Spanish)*
Comisión de Regulación de Comunicaciones (CRC) *(Spanish)*
Ministerio de Comercio, Industria y Turismo (MinCIT) *(Spanish)*
Federación Colombiana de la Industria de Software y TI (Fedesoft) *(Spanish)*
Cámara Colombiana de Informática y Telecomunicaciones (CCIT) *(Spanish)*

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Medical Devices
Overview

Economic uncertainty due to the COVID-19 pandemic and a depreciated Colombian peso will slow down medical devices imports in 2020, according to Business Monitor International (BMI). The market is predicted to recover to pre-COVID-19 levels in 2022. However, the Colombian medical devices market relies overwhelmingly on imports, which made up about 93.7 percent of the market during 2018, despite strong domestic production focused mainly on consumables.

On March 3rd, 2020, President Duque appointed the new Health Minister Fernando Ruiz Gómez, who is carrying out contentious measures to deal with COVID-19 as a key priority.

Since the implementation of the U.S.-Colombia Trade Promotion Agreement (TPA) with the United States in 2012, the majority of U.S. medical equipment exports to Colombia receive duty free treatment. Colombia has Free Trade Agreements (FTA) with leading medical device producers such as the European Union and Canada and is in FTA negotiations with Japan.

Table 7: Colombia's Medical Equipment Exports

	2017	2018	2019 (est.)	2020 (est.)
Total Exports	67	72	77	Not Available
Total Imports	1,030	1,145	1,154	1,141
Imports from U.S.	263	281	Not available	Not Available

Units: USD millions

Source: World Trade Atlas; Industry Associations

According to BMI, domestic production of medical devices is concentrated at the low technology end of the market. U.S. imports make up the largest share of the Colombian market, accounting for 30.1 percent of all medical equipment imports in 2018, followed by China (14.4 percent), Germany (9.0 percent), Ireland (4.4 percent) and Mexico (4.4 percent), with China quickly increasing market share.

Among the top U.S. medical equipment exports to Colombia in 2018 were orthopedics and prosthetic products, electro medical instruments, electrodiagnostic apparatus, diagnostic reagents, and medical supplies.

The country's healthcare infrastructure is adequate in the larger urban areas but is generally in need of modernization and expansion. The Colombian government provides a universal medical system known as the "General System of Social Security in Health" (SGSSS, or *Sistema General de Seguridad Social en Salud*), which currently covers 96 percent of the population thanks to Law 100 of 1993. All citizens, irrespective of their ability to pay, are entitled to a comprehensive health benefit package.

Leading Sub-Sectors

While there will be an increase demand for products like personal protection equipment (PPE) and ventilators, most of the other medical devices will experience a demand decrease. This is due to the placement of healthcare resources for COVID-19 as a priority and the deterioration in economic activity caused by the virus.

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

- Orthopedic devices
- Prosthetic devices
- Electro-diagnostic apparatus
- Medical, surgical, and dental instruments
- Diagnostic imaging equipment

- Laboratory equipment and consumables
- Ultrasound, mammography, and cardiovascular equipment
- Intensive care, cardiology, neurology and oncology-related equipment
- Clinical laboratory equipment for hospitial upgrades

Opportunities

Colombia spent six percent of its gross domestic product (GDP) on healthcare in 2018, and the medical devices market represents over five percent of health expenditure. The Government of Colombia is the main buyer and U.S. companies can find public tender opportunities at the Ministry of Health (MoH) web site and at the Colombia Compra Eficiente web site *(Colombia Compra Eficiente is the government's Public Procurement System, and it offers participants tools to facilitate the tender process in the Colombian Public Procurement System).*

The best approach to enter the Colombian market is through a local partner such as a distributor. Colombian companies prefer to buy from companies located in Colombia that can provide after-sales services. However, some of the country's largest end-users do import equipment and supplies directly. The medical device industry is concentrated around the capital of Bogota.

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.

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 has been used effectively in Colombia by European manufacturers.

Registration Process

INVIMA (Colombia's regulatory authority), is in charge of inspecting and supervising the marketing and manufacturing of health products, identifying and evaluating the violation of health standards and procedures, implementing best practices, and providing medical approval for the import and export of products.

U.S. companies must be aware that medical devices require registration with INVIMA (*Instituto Nacional de Vigilancia de Medicamentos y Alimentos*). It is strongly recommended that U.S. companies process the registration under their name and not under the local distributor name or else the U.S. company will not be able to change or add distributors during the lifetime of the registration, which is 10 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 system 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 and achieve market entry in a shorter time.

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 the registration procedures can often be challenging and may pose a barrier to entry.

There are many firms in Colombia with expertise in product registration, including the following below, please be advised that this is not an exhaustive list and does not constitute a recommendation or endorsement of these firms.

Bioaccess – Julio G. Martinez-Clark

SPI Americas - Alvaro Enrique Rincón Mautner

Regulation

The Medical Devices sector is highly regulated and supervised. Decree 4725 of 2005 provides the legal framework for the sector and regulates the system of health records, marketing authorizations, and surveillance of medical devices. U.S. exporters should review the following resolutions and decrees when considering market opportunities in Colombia:

- Resolution 4816 of 2008: regulates techno vigilance criteria and activities
- Decree 3770 of 2004: regulates sanitary records and sanitary surveillance for diagnostic reactives

- Resolution 434 of 2001: sets norms for the evaluation and importation of biomedical technologies and provides surveillance and control competencies to national agencies such as INVIMA
- Resolution 4002 of 2007: regulates the scope of a Certificate of Storage Capacity
- Resolution 2434 of 2006: remanufactured and repowered biomedical equipment Class II
- Decree 4957 of 2007: regulates deadlines for obtaining the sanitary registration or the marketing approval of medical devices of human use (registration will take between one to six months)
- Decree 1571 of 1993: provides diverse specifications for blood centers
- External Circular No. 3052, issued in 2016, establishes the documentation needed for medical device kits.
- Resolution 1319 of 2010: regulates GMPs (good manufacturing practices) for the customized medical devices manufacturing and processing
- Resolution 2019058384, issued on December 27 2019, updated fees in terms of Tax Value Units (UVT - Unidades de Valor Tributario), effective from January 1, 2020.
- Law 9 of 1979: sets the basic regulations for medical devices and also sets sanctions and prohibitions

Trade Events
Meditech-Colombia
March 9-12, 2021
Bogotá, Colombia

Web Resources
Ministry of Health (Ministerio de Salud y Protección Social)
Colombia Compra Eficiente
National Institute for Food and Medicine Surveillance (Instituto Nacional de Vigilancia de Medicamentos y Alimentos – INVIMA)

For additional information, including market analysis, trade events, and the products and services that the U.S. Commercial Service can provide to help you succeed in the Colombian market, please contact:
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Oil and Gas Exploration and Production Equipment
Overview

Table 8: Oil and Gas Exploration and Production Equipment Overview

	2017	2018	2019
Total Local Production	225	226	230
Total Exports	149	186	149
Total Imports	1,887	1,955	2,000
Imports from the U.S.	732	805	807
Total Market Size	1,963	1,995	2,081

Units: USD millions
Source: World Trade Atlas; Industry Associations

The oil and gas sector is a key generator of central government income. The industry was gradually recovering from the long period of low commodity prices that started in 2014, and the recent drop in oil prices in the aftermath of the collapse of OPEC members in March 2020, and the outbreak of COVID-19. These events have significantly impacted the oil and gas industry in Colombia. According to Business Monitor, the implementation of the quarantine measures in response to the COVID-19 outbreak in March 2020 led to a significant drop in demand for gasoline.

Nevertheless, President Iván Duque has invested efforts to reactivate long-delayed policies and regulations to attract foreign investment in the development of onshore and offshore exploration activities. Industry reports a more optimistic view of the medium-term; however, there are still several hurdles from municipalities opposing extractive industry activities, extensive timelines for environmental licensing, and ongoing attacks to the country's energy infrastructure from insurgency groups like the National Liberation Army of Colombia (Ejército de Liberación Nacional, ELN). Operating companies also have high production costs and face relatively high taxes.

During 2019, Colombia reached an average production rate of 885,000 barrels per day, a decline from its 2015 peak of over one million barrels per day. However, average natural gas production reached 1.07 billion cubic feet per day with Ecopetrol (followed by Equion and Chevron leading the production), revealing a worrisome downward trend due to declining fields.

The government under President Duque is aggressively promoting investment in offshore oil and gas exploration and moving forward with the pilot projects in exploration and production of unconventional hydrocarbons to help increase the country's reserves of crude oil and natural gas to reduce the risk of becoming net importers of hydrocarbons.

The Ministry of Mines and Energy reports that Colombia's known oil reserves dropped to two billion barrels due to the lack of significant oil discoveries, allowing for the country to be self-sufficient until 2026 (6.3 years), with an increased risk of becoming a net importer of crude oil if no major discoveries are found before then. Natural gas reserves dropped to 3.1 trillion cubic feet (TCF) of proven reserves (which will last for eight years).

Leading Sub-Sectors:

- Seismic activity services (two and three dimensional)
- Drilling equipment (including directional drilling) and drilling fluids
- Wellhead equipment (Christmas trees, valves, compressors, pumps, piping equipment, safety equipment, well completion, casing, and cementing equipment)
- Improved production stimulation and artificial lift systems
- Enhanced oil recovery for selected fields
- Crude oil and natural gas pipeline design and construction services

Opportunities
The National Hydrocarbons Agency (ANH) has mandated all exploration and production companies operating in Colombia to provide the agency with information on hydrocarbons resource and reserves following approved methodologies by the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), and American Association of Petroleum Geologists (AAPG). ANH estimates undiscovered resource reserves of conventional hydrocarbons could reach up to 10 billion barrels and unconventional hydrocarbons reserves could reach up to 20 billion barrels. Preliminary conventional natural gas reserves could yield up to 11.4 TCF of probable and potential reserves from Colombian onshore and offshore basins under exploration (Tayrona, Sinu, Tumaco, and Choco areas). Unconventional gas sources such as coalbed methane could yield preliminary reserves of 7.5 TCF of recoverable reserves, mostly in la Guajira and the Cesar basins. Other potential reserves point to tight shale gas (mostly in the Magdalena Medio basins), and methane hydrates found in the Caribbean and Pacific Ocean basins.

In July 2020, the Ministry of Energy issued Resolution 40185 in which it established the technical rules for the unconventional hydrocarbon pilot projects. However, work is still in progress on the contractual, social and environmental regulations. The National Hydrocarbon Agency seeks to fund four hydraulic fracturing projects, which were projected to be awarded in October 2020. These projects would initially focus on the Cesar-Rancheria and Middle Magdalena Valley basins. Several companies have expressed interest in participating. The projects aim to develop a critical baseline of information on the basins, groundwater, seismic data, operational development, and other critical information that would assist in a more transparent development of unconventional resources during the expected two-year timeframe. Industry belives the effort would increase government revenue during the projected lifetime of the prospects, attracting some USD 36 billion in government revenue.

Trade Events

III Cumbre de Petróleo y Gas (III Oil and Gas Summit)
November 18-20, 2020
Agora Bogotá Convention Center
Bogotá, Colombia

For additional information, including market analysis, trade events, and the products and services that the U.S. Commercial Service can provide to help you succeed in the Colombian market, please contact:
U.S. Embassy Bogotá
Norcia Ward, Commercial Assistant
U.S. Commercial Service Bogotá
Phone: 571-275-2703
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Processed Foods and Beverages
Overview

The information below is extracted from the USDA FAS GAIN Report: "Colombian Market Continues Offering Opportunities to U.S. Exporters"

Imports of Consumer-Oriented Products: Colombia's total imports of consumer-oriented products grew six percent in 2019 to USD 1.95 billion. The United States is Colombia's top source for consumer-oriented products, with 2019 imports up 15 percent to USD 700.4 million. Colombia's next largest sources for consumer-oriented products are Chile (USD 222 million) and Mexico (USD 169 million). Consumer-oriented products account for 29.7 percent of the distribution of U.S. agricultural trade to Colombia.

Table 9: Percent Imports of Consumer-Oriented Products, 2019

United States	37
Chile	12
Mexico	9
Brazil	6
Peru	4
Spain	4
Other	25

Food Processing Industry: Colombia is a net importer of many food products and ingredients and trade opportunities abound. There is a growing domestic demand for higher quality confectionary products. The Colombian fats and oils sector imports unrefined soybean oil, sunflower oil, and other oils to meet industrial demand. The milling, bakery, and starches sectors have benefited from innovation in packaging, flavors, and healthier ingredients. Bread consumption has decreased due to low carbohydrate, "healthy eating" trends that have marginally changed food eating habits.

Food Retail Industry: Western style, large supermarkets are part of a noteworthy retail transformation in the last decade with major domestic and international grocery chains opening new stores across Colombia's major cities. Discount stores have increased market share and continue opening outlets throughout the country, offering wide private label portfolios cheaper than grocery chains. For more information, please see Retail GAIN Report.

Food Service Industry: COVID-19 has represented a challenge for retailers, food service and food industry since GOC has implemented mandatory isolation policies throughout the country. Delivery services and online commerce have arisen as the best option for consumers to buy main food and sanitary staples. Food industry has joined e-commerce initiatives to guarantee product supply. Restaurants have made decisions towards offering easy-to-deliver menus and become an ally to clients. Colombians' preferences for home delivery foods are roasted chicken, hamburgers, and pizza. Restaurant chains are expected to perform better than independent, local restaurants. Applications such as Rappi, UbearEats and Domicilios.com have given opportunities to smaller restaurants to become an option for consumers.

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 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 health and wellness trends, with health consciousness on the rise, generating an increased demand for value-added and premium products that are not generally regarded as essential. At the same time, the expansion of private labels offers significant growth opportunities for the low-income consumer segment.

Food Consumption: Although lower commodity prices will continue to weigh on the Colombian economy, robust growth in food consumption (retail sales of food and drink, excluding alcoholic drinks) is nonetheless expected in the coming years.

According to Business Monitor International (BMI), food sales are expected to growth to an average of four percent during the next five years.

Processed Food

Confectionary: Sales of non-essential products such as chocolate have recorded some of the biggest increases in Colombia over the past few years, in line with rising disposable incomes. The confectionery sector benefits from the fact that over half of Colombia's population is below the age of 30. As in other markets, confectionery sales in Colombia are influenced by health and wellness trends, which is reflected in new products that are marketed as low-sugar and fat-free alternatives to traditional confectionery. More multinational investment is expected in the sector over the coming years, which will also support volume sales through the introduction of new products.

Dairy: Domestic production is substantial, accounting for the bulk of local consumption. Currently, local producers account for around 97 percent of demand in Colombia, with this dominance expected to remain for the foreseeable future. Exports currently account for only a small proportion of total production. However, with Colombia being the largest milk producer in the Andean region, there is strong export potential for the milk sector. In addition, Colombia does not produce a wide variety of cheeses, and there is potential for imports from the U.S. as Colombians' food preferences become more global.

Healthy Snacks: Colombian consumers are increasingly aware of the need to adopt healthier eating habits. Manufacturers have responded to such demands by rapidly introducing healthier products that are low in sugar, high in protein, low in sodium, fat-free, or free from trans fats. Healthy snack bars are becoming increasingly popular. Innovations in sweet and savory snacks have increased protein, reduced chemicals, and utilized fewer additives and trans fats.

Beverages

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

Soft Drinks/Water: The bottled water market in Colombia offers 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 has been driven by the growing presence of value-added products in response to the increasingly sophisticated taste of consumers.

Alcoholic Drinks: Women are becoming an important niche market for alcoholic beverages, demanding more sophisticated drinks and flavors. Beer is the most highly demanded alcoholic beverage. Per capita beer consumption is about 44 liters per year (11.62 gallons). The extensive growth of wine sales in Colombia in recent years can be attributed to income shifts and urbanization. The main wine suppliers still are Chile and Argentina. Aguardiente is the national liquor preferred by Colombians and is only produced by monopolistic public/private ventures in specific regions of the country. The primary source of whisky is the United Kingdom, although consumer interest in U.S. whiskeys and bourbons is growing.

Leading Sub-Sectors

Table 10: Imports of Consumer-Oriented Products

Description	2018	2019	Change (%)
Food preparations, nesoi	253	277	9
Frozen swine	196	204	4
Beer made from malt	93	68	-26
Fresh apples	92	93	1
Food preparations for infant use	78	59	-24

Frozen chicken cuts and edible offals	64	86	35
Wine of fresh grapes (containers of not over two liters)	48	54	11
Other non-alcoholic beverages	44	26	40
Dog and cat food	44	50	15
Frozen potatoes	40	45	11

Units: USD millions

Source: World Trade Atlas; Industry Associations

Opportunities

Colombia is a fast-growing market for value-added food products. Surveyed retailers and food importers feel there is significant potential for new products in all food categories. Healthy and ethnic food categories are especially new and fast growing. Wines and gourmet products are penetrating the market with excellent results. Organic food products are a new trend and retailers are searching for the best suppliers.

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

Table 11: Major Export Opportunities for U.S. Food Products with Zero Duties

Consumer-Oriented
Mixes and doughs
Healthy food products
Infant foods
Uncooked pasta
Pork and pork products
Yogurt (up to quota)
Buttermilk (up to quota)
Turkey meat
Prepared tomato groups
Prepared bean products
Dried mushrooms
Fresh fruits
Wine
Vermouth
Beef and beef products
Nuts
Chewing gum
Cinnamon
Whiskey
Liqueurs and cordials

Success Tips for Market Entry

- Competition is based on quality, price and service.
- Innovative marketing strategies are imperative in order to penetrate the market.

- 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.
- Use consolidation when exporting small amounts of product.
- Many Colombian companies' representatives visit trade shows in the United States, such as Natural Products Expowest, which are great opportunities for U.S. exporters to meet and educate Colombian importers.
- Establish direct contact with hotel and restaurant chains.
- Develop Spanish marketing/communication materials.
- Support the importer with promotional campaigns.
- 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.

Table 12: Advantages and Challenges for U.S. Exporters

Advantages	**Challenges**
The U.S.-Colombia Trade Promotion Agreement (TPA) expands opportunities and market potential for many agricultural products.	Colombia has trade agreements with many other countries increasing competition with 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 food trade destination for U.S. food product 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.	There is a cultural misperception that frozen products are unhealthy and lack quality.
The growing lower and middle income population, specifically the youth and working women of Colombia, are stimulating new food consumer trends and a growth in processed foods.	Internal transportation costs from ports of entry are costly due extremely poor infrastructure.
Market opportunities for health foods and organic products are expanding given growing obesity trends and GOC support for healthy living campaigns.	Cold chain is deficient in Colombia.
U.S. exporters should build consumer confidence based on high quality supply chain.	Increasing consumer preference for local products especially dairy, fruits, vegetables and meat as a result of isolation policies implemented by GOC due to Covid-19.

Regulations and Requirements

Product Registration: 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). According to Decree 3075 of 1997, product registration is NOT required for:

- Natural food products that have not been subject to any transformation process, such as grains, fresh fruits and vegetables, etc.
- Animal-origin food products (chilled/frozen) that have not been subject to any transformation process.
- Products used as raw materials by industry or the foodservice operators for food preparation.

A transformed product is defined by the Government of Colombia as one subject to processing, which results in a significant change to its internal structure.

The Colombian Ministry of Health, through Resolution 719 of 2015, set an official classification of food products for human consumption based on their risk to public health. Additionally, Resolution 2674 of 2013 establishes three types of product registrations based on the registered product risk to public health and sets the respective periods of validity:

1. Product registrations for high risk products are valid for five years.
2. Product permits for intermediate risk products are valid for seven years.
3. Product notifications for low risk products are valid for 10 years.

It is highly recommended that the U.S. exporter apply for sanitary registration, otherwise the importer will control the product in Colombia for the duration of the 10-year registration.

The INVIMA registration is valid only for the specifications included in the registration (e.g., product description and size). If another form or presentation of the same product is planned to be imported, the 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) Certificate of Legal Representation (3) Certificate of Free Sale assuring that the products are authorized for human consumption in the United States. This certificate needs to be issued by a government (U.S. state, local or federal) public health authority.

It should be noted that the Government of Colombia implemented The Hague Convention of October 5, 1961 with Law 455 of August 4, 1998 to facilitate import documentation. The above listed required documents must carry an "apostille" stamp. The "apostille" stamp is provided by different U.S. state authorities, including a notary or a State Secretary or Under Secretary. This procedure replaced the notarization requirement formerly undertaken by the Colombian Embassy/Consulates in the United States and by the Ministry of Foreign Affairs in Bogota. A translator approved by the Ministry of Foreign Affairs must translate these documents into Spanish.

Export Sanitary Certificates

Decree 539, issued by the MHSP in 2014, establishes food import requirements at ports of entry. This decree establishes that importers must submit a "sanitary certificate" for any batch or lot of "medium" or "high" risk food products imported into Colombia. This certificate must be issued by the food safety authority in the country of origin. For "low" risk products, this requirement is satisfied with certificates of free sale. On the other hand, products referred to as "high risk" such as meat, dairy, and fish/seafood must be accompanied by a sanitary certificate from USDA's Food Safety Inspection Service (FSIS), USDA's Animal and Plant Health Inspection Service (APHIS), USDA's Agricultural Marketing Service (AMS), and the U.S. Department of Commerce's National Oceanic and Atmospheric Administration (NOAA), respectively. It should be noted that since May 1, 2017, ICA and INVIMA will only accept USDA-AMS sanitary certificates for dairy exports to Colombia.

Furthermore, Decree 539 of 2014 established that importers of processed and unprocessed food (except for unprocessed meat) classified as medium or high risk (Resolution 719 of 2015) must submit a "sanitary certificate" upon arrival in Colombia. This certificate must be issued by a competent food safety authority in the country of origin.

Resolution 719 of 2015 provided a list of over 160 food products and classified nearly 80 percent of them as medium or high risk, including canned fruits and vegetables, juices, frozen food, sodas, etc. This created multiple port delays and rejections in 2015 and 2016 since for most of these products there was no U.S. federal authority that could issue "sanitary certificates." FAS-Bogota was able to have INVIMA provide an alternative way of meeting this new "sanitary requirement." For non-animal derived products (of low, medium, or high risk), INVIMA may consider, in the absence of a U.S. competent authority that could issue a sanitary certificate, a state-issued certificate of free sale and a letter from the manufacturer describing the shipment (lot numbers, expiration dates, production dates and other traceability information). Although this informal agreement with INVIMA has resulted in fewer shipments delayed at ports, it does not have a regulatory basis. As such, FAS-Bogota hopes to have the Government of Colombia modify Decree 539 to formalize the agreement reached with INVIMA.

Since May 1, 2017, dairy products produced in the United States and exported to Colombia must obtain a sanitary export certificate from USDA's Agricultural Marketing Services (AMS). For dairy products imported into the United States and then exported to Colombia, exporters need to obtain "sanitary certificates" from USDA's Animal and Plant Health Inspection Service (APHIS).

The following three firms are examples of companies with expertise in product registration:

SPI Americas
Email: arincon@spiamericas.com
Address: Calle 105 A N° 14 – 76
Phone: (+57 1) 620-4920
Bogota, D.C. - Colombia

Ricardo Aristizabal Aristizabal and Rojas Abogados
Email: ricardo.aristizabal@aristizabal-law.com
Address: Carrera 11B No. 98-08 Oficina 202
Phone: (+57 1) 601-3999
Bogota, D.C. - Colombia

Triana Uribe & Michelsen
Email: tum@tumnet.com
Address: Calle 93B No. 12-48 P. 4
Phone: (+57 1) 601-96 60 - (+57 1) 621-58 10
Bogota, D.C. - Colombia

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

Labeling: 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.

Key Contacts

USDA Foreign Agricultural Service

National Institute for Food and Medicine Surveillance (Instituto Nacional de Vigilancia de Medicamentos y Alimentos INVIMA)

For additional information, including market analysis, trade events, and the products and services that the U.S. Commercial Service can provide to help you succeed in the Colombian market, please contact:

U.S. Embassy Bogotá
Julio Acero, Commercial Assistant
U.S. Commercial Service Bogotá
Phone: 571-275-2635
Email: Julio.Acero@trade.gov

Customs, Regulations & Standards

Trade Barriers

Despite efforts 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 through the following firms:

Table 13: Colombia Harmonized Tariff Schedule (CHTS) Contact Information

Lecomex Ltda.	Legis S.A.
Calle 98 # 11B-48	Ave. El Dorado # 81-10
Bogotá D.C., Colombia	Bogotá D.C., Colombia
Phone: 571-610-9312 | 571-236-1367	Phone: 571-425-5255 | 571-425-5200
Fax: 571-610-7673	Fax: 571-425-5317

An additional tool is the U.S. Department of Commerce's FTA tariff tool. You will need to know the first six digits of the Harmonized System code to search using this tool.

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 even simple 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

Ethanol: The Colombian sugar industry has effectively lobbied the Colombian government to pursue protectionist measures, including an ongoing Counter-Vailing Duty case against U.S. ethanol and restrictive environmental standards designed to favor sugarcane-based ethanol over corn based ethanol.

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 (MARD) and the Ministry of Health and Social Protection (MHSP) through the issuance of a sanitary or phytosanitary certificate for imports.

Import Operations Observers: A 2004 GOC regulatory measure issued by the Ministries of Finance and Trade allows import operations observers from private industry to participate in inspection processes at ports of entry. The observers are specifically allowed to support inspection officials to address "technical contraband" in identifying and understanding product quantities, weights, customs values, and harmonized codes for agricultural products. Observers representing the Colombian meat and poultry industry associations in particular have hampered U.S. meat and poultry exports, causing delays in product nationalization.

Restrictions on U.S. Rough (or Paddy) Rice: There are no restrictions on the importation of paddy rice into Colombia except for the restrictions on volume based on the Tariff Rate Quotas defined by the TPA. The only requirements are: phytosanitary certificate and the pre-shipment fumigation with Phosphine or Methyl Bromide. Shipments can be made into all Colombian ports.

Sanitary and Phytosanitary Measures: Import requirements for live cattle include testing for several diseases such as Bovine Leukosis, Blue Tongue, and others. There have been several successful importations with a small number of animals less than five percent with positive laboratory results for Johnes disease (Paratuberculosis) that have been retested with samples processed in the U.S. by the National Veterinary Services Laboratories (NVSL) and released from the quarantine.

Market access for bone in beef products: Access for bovine meat and bone meal is still under negotiation with Colombian Institute for Agriculture (ICA). There is pending discussion related to the materials from animals imported from Canada.

The MHSP issued resolution 4254 establishing the requirements for labeling foods derived from modern biotechnology and for identifying raw materials that are or may contain biotech events. In addition to the resolution, the GOC is developing a Technical Annex to supplement the resolution. The Annex may impact trade due to the potential for asynchronous approvals between biotech events approved for food and feed in the United States versus a new requirement for testing and approval for domestic use in Colombia.

Product Health Registration

All processed retail food items, including products imported in bulk for repackaging and 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.

The MHSP issued the Resolutions 2674 and 71 establishing the risk classification for food products which determines the validity of the Product Registration (5, 7 or 10 years), but only for the applicant (exporter or importer) and the specified manufacturer. The product 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 the MHSP regulatory authority, National Institute for Food and Medicine Vigilance (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 Ministry of Commerce, Industry and Trade (MINCIT). 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 MINCIT registration process.

Minimal Descriptions

Products entering Colombia shall comply with the minimal descriptions mentioned in Resolution 57 of 2015, issued by the National Tax and Customs Directorate (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.

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 must 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. 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 MINCIT. 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.

For ICA approval, the product must:

- Be free of disease;
- 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;
- Be inspected by USDA prior to its shipment and include the USDA health export certificate; and;
- Come from a USDA inspected facility that is registered with INVIMA.

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: 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:

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

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:

National Institute for Food and Medicine Vigilance (Invima)

Deputy Directorate for Licenses and Registry
Carrera 68D # 17-21 Bogotá DC, Colombia
Phone: 571-294-8700
Fax: 571-294-8700 ext. 3930
For more information and help with trade barriers please contact:

International Trade Administration
Enforcement and Compliance
Phone:202-482-0063
Email: ECCommunications@trade.gov

Import Tariffs
Most of Colombia's duties have been consolidated into three tariff levels: zero percent to five 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. Many agricultural commodities are benefiting from the FTA as almost 70 percent of current U.S. farm exports to Colombia became duty-free and the remaining tariffs will be eliminated within 19 years. The FTA 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 FTA also provides duty-free tariff rate quotas (TRQ) on standard beef, chicken leg quarters, dairy products, corn, sorghum, animal feeds, rice, and soybean oil. Colombia also removed the price band system (PBS) application for agricultural imports from the United States.

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 when the FTA between the United States and Colombia entered into effect:

- For remaining products, the tariffs will be phased out over 10 years. With average tariffs on U.S. industrial exports ranging from 7.4 to 14.6 percent, this has substantially increased U.S. exports.
- Key U.S. exports gained immediate duty-free access to Colombia, including almost all products in the following 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.

Import Requirements and Documentation

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

- 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.
- Customs inspects the merchandise, when they consider it necessary, and then authorizes withdrawal of goods.
- Fill out the "Andean Custom Value Declaration" (Declaración Andina de Valor en Aduana) when the import value is equal to or more than USD $5,000 FOB.
- Fill out the Import Declaration ('Declaración de Importación'). When the import value is equal or more than USD 1,000, Customs Brokers should do all the paperwork and get the shipment out of Customs.
- Go to an authorized financial entity and pay the import duties, VAT, surcharges, and other fees.
- 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:
- Make arrangements with a financial entity to pay for the imported goods. Ask the exporter to ship goods to a Colombian port.
- 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).
- Present all documents to customs.
- Request the Cargo Manifest from the transportation firm.
- The importer must keep import documents for a period of no less than five years.
- 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).

Import Declaration

The importer must submit an import declaration to the DIAN (Customs). 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), and products exported through any free trade agreement.

Most of Colombia's foreign trade procedures have been streamlined through the Unified Portal for Foreign Trade (VUCE), 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

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counseling exporters, and drafting and publishing changes to the Export Administration Regulations; and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end-use and end-user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end-uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry-specific topics. Interested parties can check list of upcoming seminars and webinars or reference BIS provided online training.

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the BIS website or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the BIS website and on the e-CFR (Electronic Code of Federal Regulations) and is updated as needed. The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

U.S. State Department
Defense Trade Controls Directorate (DDTC)

Phone: 202-663-2700
Fax: 202-261-8264

Temporary Entry

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. Colombia's National Tax and Customs Directorate (DIAN) decides which of the two categories is to be applied to a specific case:
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.

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.

Labeling/Marking Requirements

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.

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
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 (Indumil) (Colombia's government-owned arms and explosives manufacturer) may import weapons, explosives, and related raw materials.

Customs Regulations
When exporting to Colombia, make arrangements with a Customs Agency to receive the merchandise and clear it through customs. The following are the main steps to be followed:

- Customs inspects the merchandise, when they consider it necessary, and then authorizes withdrawal of goods.
- Fill out the "Andean Custom Value Declaration" (Declaración Andina de Valor en Aduana) when the import value is equal to or more than USD 5,000.00 FOB.
- Fill out the Import Declaration ('Declaración de Importación'). When the import value is equal to or more than USD 1,000.00 Customs Brokers should do all the paperwork and clear the shipment through Customs.
- Go to an authorized financial entity and pay the import duties, VAT, surcharges, and other fees.
- Present all documents to customs.
- The importer must keep import documents for a period of no less than five years.

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 customer.

Contact Information

Colombian National Tax and Customs Directorate (DIAN)

Standards for Trade

Overview

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 Institute of Technical Standards and Certification (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

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 ICONTEC's Technical Committees webpage.

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.

Testing, Inspection, and Certification

Conformity Assessment

On November 20, 2007, the Ministry of Foreign Trade 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 and Accreditation

Manufacturers and importers of products regulated by technical standards or technical regulations must obtain a certificate of conformity from accredited certification entities. ONAC accepts certificates issued by accredited certification entities, such as members of the IAF multilateral agreement, the Inter-American Accreditation Cooperation (IAAC), and has signed mutual recognition agreements under the International Laboratory Accreditation Cooperation (ILAC). Government must notify the World Trade Organization (WTO) of the development and implementation of technical regulations to allow all member countries and private companies to review and comment on the proposed regulations to avoid them becoming a technical barrier to trade.

ONAC accredits a wide variety of entities under several accreditation arrangements like testing and calibration laboratories, digital certification, electrical and natural gas installation inspection service entities, metrology and verification services, product certification (HVAC, electrical products and installations, lighting products and control devices, electric motors, transformers, solar panels, toys, industrial and medicinal gas cylinders, clinical laboratories, steel rebar, pneumatic tires, electric and gas-fired household appliances, CNG systems, management certification systems, motor vehicle diagnostic centers). U.S. manufacturers must confirm their compliance to Colombian technical regulations before promoting their products in the market. The complete listing is available in: https://onac.org.co/directorio-de-acreditados

The National Institute for Food and Medicine Vigilance (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.

Publication of Technical Regulations

The Ministry of Commerce, Industry and Tourism's (MinCIT) Regulations Directorate is the WTO point of contact for TBT draft technical regulations, and upcoming Colombian notifications on TBT and Sanitary and Phytosanitary (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

Specific marks or labels are required for certain products such as food, pharmaceuticals, and textile 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 and 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.

Contact Information

Ministry of Commerce, Industry and Tourism (MinCIT)
Natalia Garcia Lopez
Point of Contact for Technical Barriers to Trade, Sanitary and Phytosanitary Measures (WTO/SPS)
Calle 28 # 13A-15
Bogotá D.C., Colombia
Phone: 571-606-7676 Ext. 1566
Email: Ngarcia@mincit.gov.co

Colombian Institute of Technical Standards and Certification (ICONTEC)
Roberto Montoya, Executive Director
Carrera 37 # 52-95
Bogotá DC, Colombia
Phone: 571-607-8888
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Colombian National Accreditation Organization (ONAC)
Alejandro Giraldo, Executive Director
Avenida Calle 26 # 57-83, Torre 8 Of. 1001
Bogotá DC, Colombia
Phone: 571-742-7592
Email: director@onac.org.co

National Metrology Institute (INM)
Edwin Cristancho, Director General
Avenida Carrera 50 # 26-55, Interior 2
Bogotá DC, Colombia
Phone: 571-254-2222
Email: director@inm.gov.co

U.S. Commercial Service – Bogotá
Phone: 571-275-2519
Email: office.bogota@trade.gov

Web Resources

Center of Technological Development of the Electric Sector (CIDET)

Colombia International Corporation (CCI)

Colombian Agricultural Institute (ICA)

Colombian Institute of Technical Standards and Certification (ICONTEC)

Ministry of Communications

Ministry of Foreign Trade

Ministry of Social Protection

National Institute for Food and Medicine Vigilance (Invima)

National Tax and Customs Directorate (DIAN)

ProColombia

Superintendent of Industry and Commerce

U.S. Trade Represntative (USTR) U.S.-Colombia Trade Agreement

Trade Agreements

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 FTA agreement please visit the U.S. Trade Representative's U.S.-Colombia Trade Agreement webpage.

Colombia has various FTAs 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. These FTAs have not entered into force yet. 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.

Licensing Requirements for Professional Services

Colombia has numerous regulated professions for nationals and non-nationals. Certain professions such as medicine, law, accounting, psychology, engineering and others are strictly regulated and require approval from the corresponding professional council in order to practice in Colombian territory.

The authorization to practice the profession is obtained through a license, professional card, or a temporary permit issued by the competent professional council depending on the profession or activity that the non-national intends to practice or perform in the country. Having a Colombian visa is not a guarantee that approval will be granted by the professional council for a non-national to practice in Colombia. Anyone who works without a license, professional card, or a temporary permit will be sanctioned according to Law 842. There are also many unregulated professions (professions not regulated that don't require council authorization) overseen by the Colombian Ministry of Education that require graduate degree accreditation.

Registering at a Professional Council

The basic requirement to be licensed by a professional council is to own a valid academic diploma or professional certificate in a specific field. Since there are several different professional councils, requirements to be registered in each one of them may vary. The most common procedure is to visit a council or send the necessary documents.

The following documents are normally required:

- Completed registration form
- Copies of personal documents, such as ID, proof of residence, *Cedula de Extranjeria*, visa
- Copies of the accredited diploma
- Photos to be used on the registration card
- Proof of payment of the registration fee

Registrations have an expiration date, and need to be renewed periodically, according to each council's rules.

Can non-nationals be registered by a council?

The registration of a non-national in a Colombian professional council varies according to each profession. Some allow foreigners to be registered only with the revalidation of the non-Colombian diploma and other councils have stricter rules.

Professional Councils Contact Information

Central Board of Accountants (JCC)

Colombian College of Psychologists (Colpsic)

Colombian Dental Federation

Colombian Medical School

Ministry of Education

Ministry of Foreign Affairs

Ministry of Industry, Tourism, and Commerce (MINCIT)

Ministry of Labor

National Accreditation Council (CNA)

National College of Pharmaceutical Chemists of Colombia (CNGF)

National Professional Council of Architecture and its Auxiliary Professions of Colombia (CPNAA)

National Professional Council of Electrical Engineering, Mechanics and Related Professions

National Professional Engineering Council (Copnia)

Professional Council of Business Administration

Professional Council of Chemical Engineering (CPIG)

Professional Council of Petroleum Engineers (CPIP)

Professional Council of Transport and Road Engineering of Colombia (CPITVC)

Professional Geology Council (CPG)

Superior Council of the Judiciary

Selling U.S. Products & Services

Distribution & Sales Channels

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.

Using an Agent to Sell U.S. Products and Services

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

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’s Business Service Providers webpage provides a list of Colombian attorneys.

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 Public Notary:

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 documents above must follow 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 Public Notary, (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- Registo 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 Bogotá’s Chamber of Commerce website.

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

The number of franchises in Colombia has more than doubled over the past ten years. After Brazil, Mexico, and Argentina, Colombia has the 4th largest number of franchises in Latin America. 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.

International concepts have increased vis-a-vis national franchising concepts, with the former taking up 52 percent of the total share of businesses in 2014, with 48 percent of franchise concepts being Colombian. The breakdown by country of origin of international franchises in Colombia has the United States at the lead, with 23 percent of the total. Next come European countries such as Spain (eight percent), Italy (five percent), England (three percent) and France (three percent); as well as a few Latin American countries such as Argentina (two percent) and Brazil (two percent).

According to Colfranquicias, the service sector, particularly the hospitality, health, and beauty industries, offers significant opportunity for growth. The restaurant and retail sectors have benefitted from policy reforms and continue to grow steadily. Franchising in the fashion industry grew seven percent from 2015 to 2016, with the entrance of many Spanish brands contributing to this growth. The franchises currently with the biggest growth in Colombia are BodyBrite, Subway, Sandwich Qbano, Efecty Servientrega, and Prontowash.
Franchises are concentrated in the major cities of Bogota (50 percent), Medellin (12 percent), Cali (six percent), Barranquilla (four percent), and Bucaramanga (three percent). The smaller cities of Barranquilla, Cartagena, Bucaramanga, Armenia, Manizales, and Pereira offer opportunities for growth.

The concept of franchising in Colombia has yet to obtain the same degree of development as it has in developed countries such as the United States. However, Colombia is currently dealing with significant changes in the economy; the drop of oil prices since 2015 has strongly influenced the Colombian peso devaluation. The following U.S. franchises: T.G.I. Fridays, Taco Bell, Krisky Kreme, and Chilli's closed operations in either 2018 or the beginning of 2019.

Over the last decade, Colombia's GDP per capita increased from just over $6,000 in 2000 to $7,700 by 2018. It is also estimated that the middle class grew from approximately 15 percent of the population in 2002 to 31 percent in 2017. This amounts to almost 15 million people out of Colombia's total 49 million inhabitants. It is estimated that only three 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 primary and 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 health and education and training categories.

Direct Marketing

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. To learn more about postal and courier shipping services, please go to the express delivery heading.

Joint Ventures/Licensing

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 industries urgently need to modernize many of their 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.

Express Delivery

U.S. firms can take advantage of improved legislation for postal, express, and courier shipments. The Colombia Customs Code (Decree 390 from 2016) contains postal and courier/express shipping rules. The recently released Customs Code establishes the following four categories for the import regime of express delivery:

Category 1: Postal shipments (correspondence, postcards, and printed materials) are exempt from licensing requirements and payment of duties.

Category 2: Products with a FOB value of US$ 200 or less will be able to enter Colombia without being subject to payment of duties and value added tax (VAT).

Category 3: Courier or express shipments with a FOB value between US$200 and US$2,000 and a weight of under 50 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. The shipments should not exceed six units of the same type of product. Rules apply to both air and surface shipments.

Category 4: Courier or express shipments with a FOB value higher than US$ 2,000 are subject to payment of duties and value added tax (VAT) depending on the products' harmonized codes. The products are subject to the clearances, permissions, and authorizations issued by the respective authorities, and to submit the Importation Registration form when is required.

Firms are advised to re-check existing regulations to determine the impact of the proposed changes on their business plans.

The following companies provide postal and courier/express shipments from the U.S. to Colombia:

Box Express Courier
DHL Express
Federal Express
Jet Box
JV Trading Group
Makro Logistics Group
Pasar Express
Premier Global Service
Tego Delivery
Thomas Greg Express
UPS

Due Diligence

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 Export.gov's list of U.S. offices 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 [Treasury Department's Office of Foreign Assets Control (OFAC) website](). 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.

eCommerce

eCommerce in Colombia has improved substantially within the last year. There were 32.8 million internet connections registered in the last quarter of 2019. Factors that are driving growth in eCommerce in Colombia, particularly in the B2C segment, include greater accessibility to web services through smart phones, and an increase in online services, especially banking and online payment services. B2B eCommerce in Colombia is becoming more common but is constrained by poor infrastructure, especially highways that connect to seaports, which complicates supply chains.

Table 1: Colombia's eCommerce as a Percentage of Annual GDP

Year	eCommerce as a Percentage of Annual GDP
2015	4.08
2016	4.79
2017	5.61
2018	1.5

Source: Colombian Chamber of Electronic Commerce (CCCE)

The United Nations Conference on Trade and Development (UNCTAD) B2C eCommerce Index 2019, which ranks levels of eCommerce based on internet use, secure servers, and credit card penetration, among other factors, ranks Colombia 66th out of 152 countries, behind countries like Chile. Colombia ranks high in Latin America for internet connectivity; however, its online retail profile remains less established. Business Monitor International (BMI) believes the country will sustain rapid growth in the e-commerce sector, outpacing regional rivals such as Chile or Peru.

Due to the COVID-19 pandemic, several companies are turning to the digital world to continue generating income through eCommerce and people are increasing online purchases. Colombians' preferred method of payment remains to be Cash on Delivery (COD) followed by bank account debit and credit card, according to the CCCE, however, the use of digital payment systems such as PayU is also common. Social media is widely used to promote eCommerce websites in Colombia and is a powerful tool of communication that some companies use to reach out to customers and position brands. Facebook, Instagram, YouTube, and Twitter are the most popular. With 32 million users in Colombia, Facebook is the most popular social network. Instagram has been among the fastest growing social networks with 12 million users, LinkedIn has 7.8 million, Snapchat with 4.5 million, Twitter has 3.2 million in Colombia.

Digital marketing in Colombia has exploded and changed the traditional marketing mix. Social networks such as Facebook Ads and tools like Google AdWords are used in Colombia to launch simultaneous campaigns at affordable cost, reaching the people who meet the audience profile to be targeted. Companies in Colombia can use online retailing to sell products of third-party merchants on sites such as www.linio.com. This channel allows them to reach a wider audience and create a stronger presence. The most prominent Colombian online commerce platforms include www.mercadolibre.com.co, www.olx.com.co, and www.dafiti.com.co. Most Colombians are currently shopping directly from websites. However, this trend is changing because the younger generation is using social media like Instagram to buy online.

The most common challenges eCommerce companies face when entering the Colombian market are related to local regulations, local payment methods (credit card, bank account debit, cash on delivery, and digital payment systems such as PayU) and poor internal transport networks that are underdeveloped and inadequate to meet demand, causing significant costs and delays to supply chains. According to Allpago, tighter rules have been introduced to regulate the industry. Institutions such as Incocrédito are highly involved in managing and monitoring merchant information to minimize fraud. The same is true for the Finance Superintendence, which recently introduced a Financial Inclusion Bill. As an example, Decreto 587 from October 2016 lays out specific rules about chargebacks and the protection of the online customer.

The main statutory provisions in Colombia for eCommerce are found in three laws: Law No. 527 of 1999 (the "eCommerce Law"), Decree No. 333 of 2014, and Decree No. 2364 of 2012. The eCommerce Law regulates information that is generated, transmitted, received, or stored through electronic, optical, or other similar means, such as electronic data interchange (EDI), the Internet, and email. The law also regulates other issues in connection with eCommerce. In line with the precedent set by the original eCommerce Law, Articles 15 and 16 of Law No. 1676 from 2013 establish that documents or agreements that constitute guarantees upon which mobile assets can be contained in data messages without losing validity or enforceability to the extent that there is evidence of mutual consent for the establishment of the guarantee on the assets. Similarly, Decree No. 805 of 2013 allows for merchants to keep their business and corporate books in data messages. Decree No. 2364 of 2012 regulates all types of electronic signatures, whereas Decree No. 333 of 2014 specifically regulates digital signatures and certifying entities. The most significant contribution of these legal norms is to confirm the validity of digitally signed electronic documents, as long as they are verified by a certifying agency or a reliable and appropriate method to identify the signatory has been used.

On April 18th, 2016, the new electronic invoicing model adopted by Colombia officially went into effect. This new model is defined by Decree 2242 of 2015, which seeks to expand the use of electronic invoices in Colombia, bringing with it the benefits expected by DIAN (Colombia's National Tax and Customs Directorate) both for those who invoice electronically and for those who acquire goods and receive electronic documents, facilitating the conditions of issuance and interoperability among all participants. Intellectual property right (IPR) laws in Colombia do not provide adequate protection at international standards and need to be updated. The IPR regulatory regime for eCommerce in Colombia falls under the Copyright Law 23 of 1982; Decision 351 of 1991; Cartagena Agreement, decree 162 of 1996; and Trademark Rules decision 486 of the Cartagena Agreement.

Selling Factors and Techniques

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 and develop an affinity for U.S. products, 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 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.

Web Resources

Andean Community (CAN)

Andean Development Corp. (CAF)

Banco de la República (Colombian Central Bank)

Banking Superintendent

Bogotá Chamber of Commerce

Colombian Banking Association

Colombian National Tax and Customs Directorate (DIAN)

Colombian Government

Colombian Merchants Association (Fenalco)

Colombian Statistics Bureau (DANE)

Energy and Gas Regulatory Commission (CREG)

Export-Import Bank of the United States

Inter-American Development Bank

National Electoral Council

National Industries Association (ANDI)

National Planning Department

Oficia de la Presidencia de la República (President's Office)

Overseas Private Investment Corporation (OPIC)

Superintendent of Corporations

Superintendent of Industry and Commerce

Telecommunications Enterprise

Trade Americas

World Bank

Trade Promotion and Advertising

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, social media, 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 companies, magazines, newspapers, and cell phone companies also offer promotions and discounts to their clients. Promotional seasonal "sales" have also become popular in Colombia throughout the year, usually on special holidays such as "Amor y Amistad" Day (similar to Valentine's Day but held in September), Father's Day, Black Friday, 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 of consumer goods should seriously consider advertising in local daily papers in major cities.

Major Newspapers and Periodicals

El Espectador
El Nuevo Siglo
El Tiempo
La Republica
Portafolio

Regional Newspapers

El colombiano (Medellín)
El Heraldo (Barranquilla)
El Mundo (Medellín)
El País (Cali)
El Universal (Cartagena)
La Opinión (Cúcuta)
La Patria (Manizales)
La Tarde (Pereira)
Vanguardia Liberal (Bucaramanga)

Magazines

Cromos
Dinero
La Nota Económica
Latinpyme
Semana

Trade Fair Authorities
Corferias

Radio Networks
BLU Radio
Caracol
La FM (Part of RCN's radio network)
La W (part of Unión Radio/Caracol)
RCN
Todelar

TV Networks
Cable Noticias
Canal RCN
Caracol
CM&
NTN24

Pricing

Colombian consumers buy many imported products. Consumers may pay between 60 to 80 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

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 were re-imported.

Local Professional Services

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 that operate internationally have affiliate arrangements in Colombia. Several legal and business services providers in Colombia are found on the U.S. Commercial Service's Colombia webpage.

Principal Business Associations

- Association of Automotive Importers and Exporters (Asopartes) - Asopartes is a non-profit association representing and defending the social, commercial and technical interests of the automotive sector in Colombia. It offers to its members a channel of communication between government authorities and private companies.
- Association of Pharmaceutical Research and Development Laboratories (AFIDRO) - AFIDRO is a private and non-profit trade association that brings together the Pharmaceutical Research and Development (R&D) companies established in Colombia. AFIDRO defends the principles of Intellectual Property (IP), efficacy and pharmaceutical safety for medicines.
- Banking Association (Asobancaria) - Asobancaria is the representative association of the Colombian financial sector. It is composed of national and foreign commercial banks, both public and private, the most significant financial corporations, and special official institutions. Asobancaria's main objective is to promote the development of the banking sector in alignment with the country's strategic interests.
- Colombian Association of Airlines (ALAICO) - ALAICO is a non-profit organization created in 1995 with the objective to preserve, defend, and develop the interests of the International Air Transport industry in Colombia.
- Colombian Association of Flower Exporters (Asocolflores) - Asocolflores is the Colombian Association of Flower Exporters. It was created in 1973 to represent, promote, and strengthen the competitiveness of Colombian floriculture domestically and internationally. Its main office is in Bogotá and it has regional offices in Antioquia (Rionegro) and Pereira.
- Colombian Association of Hospitals and Clinics (ACHC) - The Colombian Association of Hospitals and Clinics is a non-profit organization that promotes technical and administrative capacity building though information, training, and representation.
- Colombian Association of Integrative Medicine Companies (ACEMI) - The Colombian Association of Integrative Medicine Companies is a non-profit organization created in 1992 with the purpose of representing the private affiliated companies that administer various healthcare services and health benefit plans.
- Colombian Association of Systems Engineers (ACIS) - The Colombian Association of Systems Engineers is a non-profit organization that groups more than 1500 professionals. ACIS' objective is to develop human talent in computer technology sciences in Colombia, strengthening the knowledge of IT and supporting the responsible application of Systems Engineering and related careers.
- Colombian Association of Travel and Tourism Agencies (ANATO) - The Colombian Association of Travel and Tourism Agencies is a non-profit organization that represents, defends, and promotes the general interests of tourism and travel agencies in Colombia. It was created in 1949 and is comprised of associated agencies throughout Colombia with nine chapters of representation.
- Colombian Engineers Society (SCI) - The Colombian Engineers Society is a non-profit organization created in 1887 to improve the quality of life and welfare of humanity through the advancement of science and

engineering. The society has diverse groups that represent the different areas of engineering to provide a comprehensive technical advisory service in each field that fits the specific needs of its members.

- Colombian Federation of Cattle Ranchers (FEDEGAN) - The Colombian Federation of Cattle Ranchers is a non-profit organization created in 1963 to represent the interests of Colombian cattle ranchers, regional and local cattle breeding organizations, as well as other entities linked to national livestock activity. The organization provides market research, information on livestock policy, and other services to the industry.
- Colombian Hotel and Tourism Association (COTELCO) – The Colombian Hotel and Tourism Association represents and supports the interests of the Colombian hotel and tourism sector, strengthening its competitiveness and productivity.
- Colombian Merchants Association (Fenalco)- Fenalco represents the trade and services sector in Colombia. Its mission is to strengthen private initiative and institutions and provide innovative products and services that drive business competitiveness. Fenalco's main headquarters is located in the municipality of Cota, Cundinamarca, with 14 regional offices throughout the country.
- Colombian Petroleum Association (ACP) - The Colombian Petroleum Association (ACP) is the association that groups private companies in Colombia that develop exploration, exploitation, transportation, and distribution of oil, distribution of liquid fuels and lubricants, and natural gas.
- Council of American Enterprises (CEA) - The Council of American Enterprises is a progressive and dynamic non-profit organization founded in 1962 whose purpose is to support American Companies established in Colombia. Currently, CEA has more than 120 member companies, all of which are majority owned by U.S. corporations, representing the most significant sectors of the economy: agriculture, food, tobacco and beverage; automotive; machinery and equipment; chemical and agrochemical; communications and information technology; consumer products; energy; external auditing, consulting and professional services; insurance, banking and fiduciary; manufacturing, paper, cardboard and textile; pharmaceutical; medical equipment; security; and transportation.
- National Association of Foreign Trade (ANALDEX) - ANALDEX is the National Association of Foreign Trade, founded in 1971, that aims to promote and strengthen national export activity, promote the image of Colombia abroad, and support the design and execution of export policies. ANALDEX provides consulting services for Colombian exporters to develop trade strategies. It also encourages exports and global competitiveness through workshops.
- National Coffee Growers Federation of Colombia - The National Coffee Growers Federation of Colombia is a non-profit organization created in 1927 that represents coffee growers. It is considered one of the largest rural NGOs in the world and represents more than 500,000 coffee growers' families.
- National Federation of Cereal Growers (FENALCE) - In July 1960 a group of 50 farmers founded the National Federation of Cereal Growers to promote Colombian grain production. Its members include almost one million families who derive their livelihood from growing cereals, legumes, wheat, sorghum, barley, corn, and oats.
- National Financial Entities Association (ANIF) - Since its founding in 1974, ANIF has transformed from being a traditional association into a private think tank that develops economic policy. ANIF has become one of the main economic research centers in Colombia and has a wide influence in public opinion. Its main activities are carrying out studies, disseminating ideas, and hosting seminars
- National Industries Association (ANDI) - The National Industries Association is a non-profit organization that promotes the political, economic, and social principles of free enterprise. It was founded in 1944 in Medellin and has become one of the most important business groups in Colombia. It is composed of companies from sectors encompassing industrial, financial, agribusiness, food, commercial, and services, among others.
- Plastic Industries Association (Acoplásticos) - Acoplásticos is the industry association that represents companies in the following sectors: plastics, chemistry, petro-chemistry, rubbers, paintings, paints, and fibers.

- Small Business Association (ACOPI) - ACOPI is a non-profit organization founded in 1951 that represents, supports, defends and seeks to improve the productivity levels of SMEs in the Colombian Atlantic region. Its main offices are located in Barranquilla.

Limitations on Selling U.S. Products and Services

Foreign investors face exceptions and restrictions in the following sectors: television concession and nationwide private television operators, radio broadcasting, maritime agencies, national airlines, legal practices, and shipping. Investment in financial, hydrocarbon and mining sectors are subject to special regimes.

All foreign direct investment that involves the establishment of a commercial presence in Colombia requires registration with the Superintendent of Corporations (‘Super Sociedades’) and the local chamber of commerce. Colombian law regulates the number of foreign personnel in several professional areas such as architecture, engineering, law, and construction where firms with more than 10 employees may not have more than 10 percent of general workforce or 20 percent of the specialists can be foreign nationals.

Economic needs tests are required when foreign providers of professional services operate temporarily; 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 and to bid on Colombian government contracts.

Accounting, Auditing, and Data Processing: In order to practice within Colombia, providers must register with the ‘Central Accountants Board’ (‘Junta Central de Contadores’) and must have an uninterrupted domicile in Colombia for at least three years prior to registration.

Advertising, Radio, and Television Services: Open television programming is subject to the following restrictions: 70 percent of programming during prime time (7 p.m. to 10:30 p.m.) must be nationally-produced, additionally, 50 percent of programming between 10:30 p.m. and midnight as well as between 10 a.m. and 7:00 p.m. The national Television Commission charges foreign-made ads double the national rate for airtime compared to local-content advertising. Concessions to provide radio broadcasting services can only be granted to Colombian nationals or private entities legally constituted in Colombia.

Electricity: Only companies legally incorporated in Colombia before July 12, 1994 may engage in the simultaneous generation, distribution, and/or transmission of electricity under Law 143 of 1994, article 4.

Fishing: Foreign vessels may engage in fishing and related activities in Colombian territorial waters only through association with a Colombian company holding a valid fishing permit. Additionally, 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.

Hydrocarbons/Mining: In order to provide services directly related to exploration and exploitation of minerals and hydrocarbons within Colombia, any legal entity under laws of any other foreign country must establish a branch, affiliate or subsidiary in Colombia unless the service is provided for less than one year (Law 685 of 2001, articles 19 and 20). Foreign companies may assume 100 percent of investment and risk activities in all exploration and production contracts. Oil companies may obtain the right to exploit fields for 30-years or until the land is depleted. There is a sliding-scale royalty rate on oil projects that establishes a five percent royalty rate on the smallest oil fields with an upper limit of 30 percent on the larger fields.

Legal: Legal services are limited to those licensed under Colombian Law where foreign law firms may enter the market by forming joint ventures with local law firms.

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. 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 (Decree 1423 of 1989, article 38).

Travel and Tourism Agencies: Foreign investors must be domiciled in Colombia to provide travel and tourism agency services within Colombia under Law 32 of 1990, article 5.

For more information please see the U.S. State Department's 2017 Colombia Investment Climate Statement.

Trade and Project Financing

Methods of Payment

Most products are imported through letters of credit or time drafts. Soft and long-term financing are important sales tools, 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. This generally takes 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 a 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. For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters

Banking Systems

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 USD 1 billion. Helm Bank was purchased by the Chilean group Corpbanca in October 2012 for USD 1.3 billion.

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 the consumer. The reforms created Advocate for Financial Consumers positions, which every financial institution must have. They are responsible for ensuring that financial institutions do not violate consumers' rights. The new law also introduced 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

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:

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

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 in 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 in Colombia's tax treaties with Spain and Chile.

U.S. Banks and Local Correspondent Banks

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:

AV Villas:

- Banco de Occidente USA

BanColombia:

- Bank of America
- Bank of New York Mellon
- Citibank
- Deutsche Bank

Banco de Bogotá:

- Citibank
- Bank of America
- Deutsche bank
- JP Morgan
- Bank of New York Mellon

Banco de Occidente:

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

Banco Popular:

- Bank of America
- Bank of New York Mellon
- Bayerische Hypound-Vereins Bank
- Citibank
- Dressner Bank
- HCBC Bank

- ING Bank
- Regions Bank
- TD Bank

BBVA Colombia:

- BBVA Bank New York
- BBVA Bank Miami

CoBank:

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

Colpatria Bank:

- Bank of America

Davivienda:

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

Protecting Intellectual Property

In 2018, Colombia improved its IPR protections and moved from the United States Trade Representative (USTR) Special 301 Priority Watch List to the Watch List. Colombian law provides the same protections for U.S. companies as for Colombian companies in all IPR categories under the U.S.-Colombian Trade Promotion Agreement (CTPA) and other international commitments, such as the World Intellectual Property Organization (WIPO) and the World Trade Organization's (WTO) Agreement on Trade-Related Aspects of Intellectual Property (TRIPS). In July 2018, Colombia enacted copyright law amendments to extend the term of copyright protection, impose civil liability for circumvention of technological protection measures, and strengthen enforcement of copyright and related rights. Colombia still needs to make additional progress on remaining intellectual property-related commitments under the CTPA, particularly provisions regarding copyright liability for ISPs and accession to the 1991 Act of the International Union for the Protection of New Varieties of Plants (UPOV 91).

Colombia has an efficient patent and trademark office at SIC. Colombia is signatory to the Paris Convention on Industrial Property, the Geneva Convention for the Protection of Sound Recordings, Berne Convention for the Protection of Literary and Artistic Works, the Brussels Convention on the Distribution of Satellite Signals, Universal Copyright Convention, the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, the WIPO Copyright Treaty, the WIPO Performances and Phonograms Treaty, the Patent Cooperation Treaty, the Trademark Law Treaty and the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks. Like the U.S., Colombia participates in the Global Patent Prosecution Highway (GPPH), permitting accelerated processing where there is a positive U.S. examination.

Colombia's success combatting counterfeiting and IPR violations remains limited. While there have been some positive developments in the past year, related particularly to enforcement against counterfeit goods, a large amount of digital piracy and counterfeit goods remain. Colombian authorities cooperate with the United States on investigations. The DHS/ICE Intellectual Property Rights Coordination Center reported on one especially successful operation in 2018, in which U.S. and Colombian officials coordinated to identify and seize 10 containers arriving at the port of Buenaventura, Colombia. Originating in China with false labeling, they were filled with counterfeit footwear labeled as brands including Nike, New Balance, and others. If authentic, the merchandise would have been worth an estimated USD 50 million.

Check www.STOPfakes.gov to see if the Office of Intellectual Property Rights has an IP Snapshot for the country in question, and link to it if available.

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to the following article on Protecting Intellectual Property and Stopfakes.gov, or contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov.

Contact for More Information on Intellectual Property
E-mail: USPTOAndeanRegion@trade.gov
Staff:

Ann Chaitovitz, Regional Intellectual Property Attaché
Silvia Solis, Intellectual Property Legal Specialist
U.S. Department of Commerce (Washington, D.C.)
14th & Constitution Avenue, N.W. Room C-300
Washington, D.C. 20230

Laura Krishnan, Colombia Desk Officer
Email: laura.krishnan@trade.gov
Tel.: (202) 482-4187

Selling to the Public Sector

Many governments finance public works projects through borrowing from the Multilateral Development Banks.

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, typically found on Colombia Compra Eficiente's website. 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$ 270 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:

(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 U.S. Trade Representative's U.S.-Colombia Trade Agreement webpage.

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.

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.

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.

Colombian military contracts above a certain amount (more than USD 1 million for equipment and more than USD 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 U.S. companies are required to be treated the same as Colombian companies bidding on the tender.

Project Financing

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 fluidity, 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, 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 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.

OPIC: The Overseas Private Investment Corporation 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.

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.

Additional multilateral agencies such as the International Finance Corporation (IFC), the Andean Development Corporation (CAF), the Export Import Bank of Japan, and USAID (as well as the development agencies from Japan and Canada) are actively 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 green field projects in Colombia. The CAF has provided direct financing to the private sector for the development of green field projects in various infrastructure sectors.

Multilateral Development Banks

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (Inter-American Development Bank, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars to developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructural development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Advocacy Liaison to the orld Bank or Advocacy Liaison Website to the Inter-American Development Bank (IDB)

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Financing Web Resources

Colombian Banking Association

Colombian Ministry for Foreign Affairs

Colombian National Tax and Customs Directorate (DIAN)

Advocacy Liaison to the World Bank

Advocacy Liaison Website to the Inter-American Development Bank (IDB)

Export-Import Bank of the United States - Country Limitation Schedule

Export-Import Bank of the United States (Ex-Im)

Overseas Private Investment Corporation (OPIC)

SBA's Office of International Trade

U.S. Agency for International Development (USAID)

U.S. Embassy in Colombia

U.S. Trade and Development Agency (USTDA)

USDA Commodity Credit Corporation

Business Travel
Business Customs

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 Bogotá reflect costs similar to major U.S. and European cities. The GOC is working 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, Bogotá, Cali, Cartagena and Medellin). Those who venture beyond these limits (often to visit oilfields or 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. 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 to 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

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 U.S. Department of State's Bureau of Consular Affairs' website where the current Worldwide Caution, Travel Warnings and Travel Alerts can be found.

On April 6, 2016, 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 the U.S. State Department's "Travel Alerts and Warnings" webpage. For more information on a particular business travel plan, companies are urged to contact the U.S. Embassy Bogotá's Commercial Service webpage for customized advice.

Most business persons who visit Colombia travel primarily to the major cities and commercial centers of Bogotá, Cali, Medellin, 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 the U.S. State Department's Smart Traveler Enrollment Program (STEP) webpage. They can also obtain updated information on travel and security in Colombia either at the Consular Section of the U.S. Embassy in Bogotá or via the Embassy's website.

The Consular Section is open for U.S. Citizens Services by appointment only. For general inquiries or to speak with a consular officer, please email acsBogotá@state.gov. For passport appointments, please visit the U.S. Embassy in Colombia's "Passports" webpage.

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's website.

U.S. Consular Agency in Barranquilla Contact Information

Calle 77B No. 57-141, Piso 5
Centro Empresarial Las Américas
Barranquilla, Atlántico, Colombia
Phone: (011) 575-353-2001
Fax: (011) 575-353-5216
Email: conagencybarranquilla@state.gov

Visa Requirements

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.

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

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.

Visa Contact Information

Colombian Ministry of Foreign Affairs

Embassy of Colombia – Washington, D.C.

2118 Leroy Place NW
Washington D.C., 20008
Phone: 202-387-8338
Additionally, Colombia has consular offices in the following U.S. cities: Atlanta, Boston, Chicago, Houston, Los Angeles, Miami, Newark, New York City, Orlando, San Francisco, 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 Bogotá 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-Immigrant 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 for visa processing and issuance.

Visa A should visit the U.S. Department of State's "Colombia Visa Appointment Service" website or call (1) 325-9851 from within Colombia, 1-703-439-2325 in the U.S. 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 the U.S. Department of State's "Colombia Visa Appointment Service" website 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.

Web Resources

U.S. Department of State's "Colombia Visa Appointment Service"

U.S. Embassy Bogotá

U.S. State Department Visa Information

U.S. Companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link: State Department Visa Website.

Currency

The Colombian Peso (COP) is the official currency in Colombia. The abbreviation is COP when researching exchange rates. The Peso currently has five types of coins and six different denominations of bills and is represented by the symbol ($).

The Colombian Peso has been the official currency in circulation in Colombia since 1810, the year in which it replaced the Real. The currency is controlled by the Bank of the Republic of Colombia. The coin with the lowest value is fifty pesos ($50) and the bill with the highest value is one hundred thousand pesos ($100,000).

In 2016 the Bank of the Republic of Colombia created a new series of bills and coins that includes bills of $2,000 pesos, $5,000 pesos, $20,000 pesos, $50,000 pesos and $100,000 pesos; and coins of $50 pesos, $100 pesos, $200 pesos, $500 pesos and $1,000 pesos. Coins and bills of the old and new series are currently in circulation in Colombia and the old series are equally accepted in commercial transactions. Banks continue to circulate coins and bills of the previous series but these will eventually be removed from circulation so that only coins and bills of the new series remain.

Telecommunications/Electronics

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 carriers. 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 Information Technologies 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 the year's end 2014 stood at over 9.7 million for broadband (28 percent increase from 2013) and at 5.1 million for fixed and mobile connections (also a 28 percent increase from 2013).

Transportation

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 well in advance of the flight. In

January 2013 an Open Skies Agreement was put into effect between the United States and Colombia which has increased the flight frequencies between 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 hire cars with drivers. Arrangements may be made with your hotel for your transportation. The current rate is about USD $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

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

Bogotá 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 Bogotá 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, & Holidays

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.

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 (mid-December to mid-January). 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.)

Table 18: Colombia 2020 Holidays

Date	Day of the Week	Holiday
January 1	Wednesday	New Year's Day
January 6	Monday	Epiphany
January 20	Monday	Martin Luther King Day (U.S.)
February 17	Monday	President's Day (U.S.)
March 23	Monday	St. Joseph's Day
April 9	Thursday	Holy Thursday
April 10	Friday	Good Friday
May 1	Friday	Labor Day (Colombia)
May 25	Monday	Memorial Day
June 15	Monday	Corpus Christi
June 22	Monday	Feast of the Sacred Heart
June 29	Monday	Feast of Saints Peter and Paul
July 3	Friday	Independence Day (U.S.)
July 20	Monday	Independence Day (Colombia)
August 7	Friday	Battle of Boyacá Day
September 7	Monday	Labor Day (U.S.)
October 12	Monday	Columbus Day
November 11	Wednesday	Veterans Day
November 26	Thursday	Thanksgiving Day (U.S.)
December 8	Tuesday	Feast of the Immaculate Conception Day
December 25	Friday	Christmas Day

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

Temporary Entry of Materials and Personal Belongings

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. DIAN, Colombia's National Tax and Customs Directorate, decides which of the two systems will be applied to a specific case:

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.

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.

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.

Travel Related Web Resources

Center for Disease Control and Prevention (CDC) Travelers' Health Information
Colombian Financial Association
Colombian National Tax and Customs Directorate (DIAN)
U.S. Department of State – Colombia Travel Warning
U.S. Department of State - U.S. Relations with Colombia

Investment Climate Statement

The U.S. Department of State Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State Investment Climate Statement website.

Political Environment

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State Countries & Areas website.