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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 49 million inhabitants. Aided by significant security improvements and steady economic growth in recent years, Colombia is becoming one of Latin America's most attractive destinations for international exporters and investors. The election in June 2018 of political moderate and business-friendly President Ivan Duque further bolstered confidence in Colombia's near-term prospects.

Since the implementation of the U.S.-Colombia Trade Promotion Agreement (TPA) in May 2012, U.S. exports to Colombia initially increased substantially but then declined due to a combination of factors, with the main contributor being a depreciation of the Colombian currency that resulted from lower 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. Over the last year, however, the economy has seen stronger growth following a rebound in consumer confidence and domestic manufacturing.

According to the Colombian National Statistics Department (DANE), Colombia's real GDP growth was 2.7 percent in 2018, compared to 1.4 percent in 2017. Projections for real GDP growth in 2019 range from 3.3 percent (World Bank) to 3.6 percent (IMF), with foreign investment projected to increase over the 2017 figure of USD 11.35 billion. Colombia's inflation rate remained stable throughout 2018 and within the Central Bank's target range of two-to-four percent. Inflationary pressures have eased since spiking in 2016 after the drought and national strike pushed inflation to almost nine percent. The Central Bank's short-term benchmark interest rate ended 2018 at 4.25 percent and is not projected to increase in 2019. Inflation is also expected to remain within the Central Bank's target range.

The ongoing influx of Venezuelan migrants to Colombia, currently estimated at approximately 1.2 million, will continue to put pressure on Colombia's economic growth and 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, will be USD 1.2 billion in 2019 and USD 1.3 billion in 2020, or roughly .5 percent of GDP. In March 2019, Finance Minister Carrasquilla announced that Colombia's 2019 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. Credit rating agencies did not downgrade Colombia following the decision to relax the Fiscal Rule, but the move puts increased scrutiny on the country's finances in the near term.

While the current exchange rate and strong dollar make U.S. exports to Colombia relatively expensive, certain sectors have nonetheless seen strong growth, especially U.S. agricultural exports like pork, chicken, seafood, soy products, dairy, corn, and beans. Colombia's ranking as an export market for U.S. agricultural products jumped from 24th place in 2011 to 12th place in 2018. Agriculture exports to Colombia from the United States were valued at USD 2.9 billion in 2018, 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. 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 21st largest market for U.S. exports in 2018. U.S. exports to Colombia in 2018 were valued at USD 15.2 billion, an increase of 13 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. 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 2018 exports almost doubling in value over the previous year to reach USD four billion. The United States, however, is still the largest importer of Colombian products and imported over USD 10 billion in 2018.

In terms of Foreign Direct Investment, China has not made inroads in Colombia to the same extent it has elsewhere in the region, where Chinese firms are dominant players in energy and infrastructure projects. China's 2018 FDI flows to Colombia were estimated at USD 32 million, compared to USD 2.5 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.

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. Colombia also has trade agreements with the European Union, the Pacific Alliance (Colombia, Chile, Mexico and Peru), South Korea, and an agreement with Panama is pending ratification.

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.

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 two 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 have 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. The United States Government encourages a predictable regulatory environment in Colombia through technical training programs with Colombian regulatory officials across diverse agencies and ministries.

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.

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.
- Many infrastructure projects with Colombian public entities 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 relative stability and economic prosperity that is stimulating development in several key sectors, including infrastructure, tourism, job training, education, and rural development. 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). Formalizing OECD membership requires approval by Colombia's Constitutional Court, a process that is expected to be completed in 2019. President Duque has pledged to boost foreign investment into Colombia, and his cabinet of ministers has been welcomed by the international business community, with the hope that Duque's economic team implements tax reforms and other policies that encourage a more competitive economy and sustainable development. The United States was Colombia's leading foreign investor in 2018, with annual investment flows totaling USD 2.5 billion and a total FDI stock of USD 7.2 billion.

The energy sector (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 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. Although fracking remains controversial in Colombia and faces much

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 no new E&P contracts. 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 business opportunities for maritime support services.

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 city of Bogota began the project tender process in November 2018 for the first line of the Bogota metro rail project, which is scheduled to be operational in 2024 at a cost of USD four billion.

The United States Trade and Development Agency (USTDA), 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, 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. In June 2018, OPIC's board approved USD 300 million in financing for projects in Colombia related to highway infrastructure and development of low and middle-income housing. The passing of the BUILD Act by the U.S. Congress in October 2018 gives OPIC more resources and should strengthen its mission and ability to help U.S. companies expand internationally. 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.

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.

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).

Political Environment

For background information on the political and economic environment of Colombia, please read https://www.state.gov/countries-areas/colombia/

Selling U.S. Products & Services

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 (8 percent), Italy (5 percent), England (3 percent) and France (3 percent); as well as a few Latin American countries such as Argentina (2 percent) and Brazil (2 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 7% 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%), Medellin (12%), Cali (6%), Barranquilla (4%), and Bucaramanga (3%). 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 3 percent of the Colombian population is in the high-income bracket, which explains why Colombia, like many other Latin American markets, is a very price sensitive market. Familiarity with international franchising concepts remains closely correlated with income bracket, with only the higher brackets being familiar with newer and more novel concepts. Still, while the group with stronger purchasing power is more likely to adopt foreign concepts, some franchising concepts have demonstrated how they can quickly gain market appeal in the lower demographics by offering good products with interesting discounts.

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

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

Selling to the government

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to *"Project Financing"* Section in *"Trade and Project Financing"* chapter for more information.

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 US$ 1 million for equipment and more than US$5 million for ammunition) require the foreign company to offer an "offset" proposal. Contact the U.S. Commercial Service for further information about this requirement.

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

Multilateral Development Banks (World Bank, Inter-American Development Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the World Bank and the Inter-American Development 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 infrastructure 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 Commercial Liaison Offices to the World Bank.

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.

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

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.

eCommerce:

eCommerce in Colombia has improved substantially within the last year. There were 32.7 million internet connections registered in the last quarter of 2018. According to the Colombian Chamber of Electronic Commerce (CCCE), eCommerce grew at an annual rate of 20% in 2017 and represented 1.5% of Colombia's annual economic output (GDP) in 2018. Factors that are driving growth in eCommerce in Colombia, particularly in the B2C segment, include greater accessibility to web services (through smart phones, etc.) 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 sea ports, which complicates supply chains.

Table 1: Colombia eCommerce as a Percentage of Annual Gross Domestic Product (GDP), 2015-2017

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 2018, which ranks levels of eCommerce based on internet use, secure servers, and credit card penetration, among other factors, ranks Colombia 74th out of 151 countries, behind other Latin American countries like Chile and Brazil.

Colombians' preferred method of payment continues to be credit card and bank account debit, according to the CCCE. However, Cash on Delivery (COD) is a popular eCommerce trend in Colombia and the use of digital payment systems such as PayU is also common.

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 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.

According to BMI Research, Colombia offers a weak operational environment for eCommerce, particularly because of poor internal transport networks that are underdeveloped and inadequate to meet demand, causing significant costs and delays to supply chains.

Smartphones are ubiquitous in Colombia and internet service is relatively affordable and fast. Wi-Fi internet connections are available at most coffee shops, hotels, shopping malls, and many retail outlets. These factors bode well for purchases made online and the future of eCommerce in the country. Many of Colombia's major banks, such as Davivienda, are offering online payment apps for mobile phones that allow one-click payment linked to credit cards and bank accounts.

According to the "E-Commerce in Colombia" article by Nielsen, in Colombia approximately 58% of e-commerce traffic is through mobile devices. Only one in four buyers who have a tablet use it to make purchases online. The recent trend in "mobile shopping" has seen strong growth in Colombia where smartphone penetration is higher than in many other countries in the region.

Despite a general mistrust of eCommerce in Colombia, the growth of internet connections and use of smartphones are allowing for an increase in online transactions. Colombians' online purchases can be broken down as follows: Financial (17%), Retail (15%), Government (13%), Communications and Technology (11%), Transport (9%), Entertainment (9%), Enterprise Services (7%), Education (6%), Public Services and TV Subscriptions (4%), Health and Beauty (4%), and Other Services (3%).

Digital marketing in Colombia has exploded and changed the traditional marketing mix, tools like Google AdWords or social networks such as Facebook Ads are used in Colombia to launch simultaneous campaigns at affordable cost, reaching the people who meet the audience profile to be targeted. In Colombia, social media is used to promote eCommerce websites and is a powerful tool of communication that some companies use to reach customers and to position brands. Facebook, Instagram, YouTube, and Twitter and are the most popular.

With 31 million users in Colombia Facebook is the most popular social network, Instagram has been among the fastest growing social networks with 10 million users, Twitter has 2 million in Colombia and is used primarily to find out about transportation and entertainment; Transmilenio, Avianca and Tu Boleta (concerts and events) remains to be the brands with most followers in the country.

Companies in Colombia can use online retailing to sell products of third-party merchants on sites such as www.linio.com as a channel that 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 eCommerce challenges companies will face when entering the Colombian market are local regulations and local payment methods (credit card, bank account debit, cash on delivery/COD, and digital payment systems such as PayU). 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, as is 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.

Intellectual property right 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.

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.

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 protection of their intellectual property. For background, link to our article on Protecting Intellectual Property and Stopfakes.gov for more resources.

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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.

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.

Principle 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 9 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.

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

Leading Sectors for U.S. Exports & Investments

Agricultural Sector

Overview

Colombia's agricultural output grew about 2.8 percent in 2018, a modest decrease over the previous year. Businesses dealing with livestock performed particularly well, with poultry farms growing at a rate of 6.1 percent and egg harvesters at 7.5 percent, according to the country's statistics agency DANE. The swine business grew 20 percent during the same period.

The Government of Colombia offers subsidies to import new agricultural equipment. Although Colombia does not ban the import of used agricultural equipment, there is a general preference for new equipment due to subsidies and performance issues with used equipment. Most used agricultural equipment originating from the U.S. comes with technologies such as GPS, air conditioning, hydraulic steering, and other features that make this equipment relatively expensive for the Colombian market. Colombia's larger growers usually prefer to buy new agricultural equipment without state-of-the-art gadgets because the prices are lower.

According to the National Federation of Poultry Farmers of Colombia (FENAVI) and the

Colombian Pork Producers Association (PorkColombia), the agriculture sector is expected to grow 2.5 percent in 2019, driven mainly by poultry, eggs, and swine. One of the best prospects for U.S. exporters is machinery and technologies for Colombia's domestic poultry industry, an industry the Colombian Government is keen to promote through mechanisms such as subsidies on new, imported agricultural equipment. There is demand for sophisticated technologies used in the agriculture sector in Colombia, such as GPS, but most farms do not have the resources for such purchases. It is therefore imperative that the U.S. exporter explain the long-term value proposition of products and technologies that ultimately reduce cost, save time, have a lower environmental impact, and are of higher quality. Colombia is a price-sensitive market and there is a still a tendency to look at initial price and short-term cost over long-term value and total cost.

Although farmers appreciate the added value of higher-quality fertilizer products, they are typically unable to buy them due to low returns in the Colombian agriculture market. Instead, many opt for the wide variety of fertilizers available in the local market that are relatively cheap. Urea is one such fertilizer and is popular because it is widely available and often produced locally or imported at low prices. Similar to agriculture equipment, U.S. companies selling higher technology inputs will need to articulate their value proposition (higher yields, less frequent application, etc.) and demonstrate cost savings over the long run. Education is needed to encourage the sector to focus on long term value and total cost. Fertilizer generally needs to comply with ICA (Colombian Agricultural Institute) requirements to be imported into Colombia. This process may take up to three years and costs USD 5,000 – USD 8,000 per product; registration must be done by a Colombian company, which results in them "owning" the registration.

Table 2: Colombia's Imports of Urea by Country

Partner Country	United States Dollars			% Share			% Change
	2016	2017	2018	2016	2017	2018	2018/2017

World	$119,388,823.00	$175,664,281.00	$183,930,132.00	100.00	100.00	100.00	4.71
Russia	$11,332,421.00	$20,370,807.00	$60,115,657.00	9.49	11.60	32.68	195.11
Trinidad and Tobago	$12,768,948.00	$21,164,673.00	$33,518,434.00	10.70	12.05	18.22	58.37
Venezuela	$60,217,531.00	$72,286,394.00	$31,844,983.00	50.44	41.15	17.31	- 55.95
Algeria	$0.00	$0.00	$17,281,383.00	0.00	0.00	9.40	0.00
China	$29,364,871.00	$26,409,845.00	$14,035,751.00	24.60	15.03	7.63	- 46.85
Nigeria	$0.00	$0.00	$10,522,778.00	0.00	0.00	5.72	0.00
United States	$99,248.00	$17,507,218.00	$4,693,821.00	0.08	9.97	2.55	- 73.19

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

Colombia's total imports of urea fertilizer grew 4.7 percent in 2018 compared to 2017. Of this total, 32 percent of imports (USD 60 million) came from Russia, followed by Trinidad and Tobago at 18 percent (USD 33 million), Venezuela at 17 percent (USD 31 million), China at 7 percent (USD 14 million) and the United States at 2 percent (USD 4 million).

The growth trend in imports of fertilizer can be explained by a relatively strong harvest in Colombia's agricultural sector in 2018.

Leading Sub-Sectors

According to figures from the National Federation of Poultry Farmers of Colombia (FENAVI) and the Colombian Pork Producers Association (PorkColombia), poultry, eggs, and swine showed an increasing trend in 2018, both in terms of domestic production and imports.

U.S. agricultural exports to Colombia of meat products and grains have been performing particularly well over the last several years. Exports of frozen pork, poultry, and beef have seen strong growth, as have dairy products and beans (especially lentils). In addition, United States' exports of live animals to Colombia were up in 2018 and were mainly for reproductive applications (animal husbandry). Best prospects for agriculture exports to Colombia encompass machinery and equipment for Colombia's growing domestic production of poultry, eggs, and pork.

Colombia is the fourth biggest producer of palm oil in the world and the first in the Americas.

In 2018, total palm oil production in Colombia was 1.6 million tons, a .5 percent decrease compared to 2017. Colombia has more than 500,000 hectares (1.2 million acres) of palm plantations, and this industry is projected to grow significantly in coming years. Palm oil is used in a wide range of food and household products, from cookies and ice cream to soups and cosmetics, as well as in biofuels. Colombia's cultivation of palm oil could reach production of more than 2.5 tons in the next several years, making Colombia the third largest supplier of palm oil in the world, behind Indonesia and Malaysia. The planting of more palm crops will depend on the implementation of government policies that increase investment in the sector. Colombia has about 16 million hectares that are suitable for palm oil cultivation. Growers require more clarity on land use rules and a reduced tax load, as well as labor policies for rural areas.

Colombia's palm oil industry will generate opportunities for U.S. companies that provide new technologies and equipment for palm oil extraction as well as for U.S. companies interested in investing in this sector. The U.S. embassy is working with Colombia's palm industry through agencies like USAID and the Department of Labor to promote environmental sustainability and fair labor practices, and U.S. companies that offer products and services that promote sound environmental practices should find growing opportunities in this sector.

Opportunities

Colombia is the 18th largest market for U.S. agricultural equipment exports. The U.S.- Colombia Trade Promotion Agreement (TPA) provided immediate tariff reduction to zero percent from 10 percent on combines, to zero percent from 15 percent on tractors, and reductions on other equipment. The TPA eliminated Colombia's restrictions on the importation of re-manufactured goods, and the Government of Colombia is encouraging farmers to participate in lease programs.

After a peace accord was signed in 2016 between the Government of Colombia and the FARC guerrillas, the agricultural sector has been one of the biggest beneficiaries since rural development is one of the government's priority sectors in the post-accord era. Many of the demobilized combatants will migrate to cities in search of employment opportunities, but the government wants to make jobs available in the countryside and remote areas where the FARC have been living and operating for decades.

Trade Events

AgroExpo

Agro-industry and livestock exhibition that takes place in Bogota, Colombia, every two years in the month of July.

Expo Agrofuturo

Knowledge and business trade show for the agricultural sector in Colombia that takes place in September. Expo Agrofuturo has become one of the most effective marketing tools to promote products, land use, and investment in Colombia's agricultural sector. It takes place every year in September.

Palmex Latin America

The only specialized Palm Oil exhibition in Latin America that brings together upstream and downstream palm oil companies and supporting industries. The event takes place in the city of Barranquilla to showcase the latest developments in the palm oil industry.

Sugarex Colombia

Sugar expo and conference held once every two years in the city of Cali. It is Colombia's largest specialized sugar and bioethanol technology event that brings together sugar companies and supporting industries. The event showcases the latest developments in the Colombian sugar and ethanol industries.

Cafes de Colombia Expo 2019

October 17, 2019 - October 20, 2019
Bogota, Colombia
Specialty coffees, food and drinks based on coffee, inputs for coffee production, machinery and equipment, professional and complementary academic agenda, Colombian Championship of Tasters, Colombian Barista Championship, and much more.

Web Resources

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Key Contacts

DANE
Federación Nacional de Avicultores de Colombia
Asociación Colombiana de Porcicultores (PorkColombia)
Ministerio de Agricultura y Desarrollo Rural (MADR)

Automotive Parts

Overview

Table 3: Colombia Automotive Production Data, 2015-2018[1]

***Auto Sector* (in units)**	**2015**	**2016**	**2017**	**2018**
Sales	281,885	253,681	238,237	256,662
Local Production	128,444	124,795	116,341	121,869
Imports	178,346	158,532	176,400	134,793
Exports	29,584	38,731	39,343	45,519
Total Market Size	**277,206**	**244,596**	**253,398**	**211,143**

Table 4: Colombia Automotive Parts Sales Data, 2016-2018[2]

***Auto Parts* (USD millions)**	**2016**	**2017**	**2018**
Sales[3]	3,895	3,849	4,215

Table 5: Colombia Automotive Parts Production Data, 2015-2018[4]

***Auto Parts* (USD millions)**	**2015**	**2016**	**2017**	**2018**
Local Production	321	218	-	-
Imports	3,567	3,241	3,497	3,775
Imports from United States	772	525	632	683
Exports	425	366	390	450
Total Market Size	**3,463**	**3,093**	**-**	**-**
Exchange Rates: 1 USD	COP 2,746	COP 3,053	COP 2,951	COP 2,956

Total Market Size = (Total Local Production + Total Imports) – (Total Exports).

[1] Informe Sector Automotor up to December 2018, Fenalco – ANDI
[2] Informe Venta Autopartes, 2018, Asopartes
[3] Vehicle bodies and chassis are not included in auto parts sales
[4] Manual Estadístico 37 "El Sector Automotor Colombiano 2017"- Acolfa

Table 6: Colombia Automotive Market Sales and Market Share by Vehicle Category, 2017-2018[5]

Category	**2017 Sales (units)**	**2018 Sales (units)**	**2017 Market Share %**	**2018 Market Share %**	**Variation in Sales Volume %**
Private cars	126,836	131,406	53.2	51.2	3.6
SUVs	70,479	83,129	29.6	32.4	18
Trucks and buses	13,793	16,001	5.8	6.2	16
Pick ups	13,872	15,457	5.8	6.0	11
Taxis	8,533	8,865	3.6	3.5	3.9
Vans	4,724	1,804	2.0	0.7	-61.8
Total	**238,237**	**256,662**	**100**	**100**	

Colombia is one of the largest automotive markets in South America, after Brazil and Argentina. The sector grew 7.7 percent from 2017 to 2018, driven by a better political climate, highway infrastructure projects, and an increase in Colombia's economic output (GDP), which grew an estimated 2.7 percent in 2018. The sector appears to be steadily rebounding after a tax reform package passed in 2016 raised the Value Added Tax from 16 percent to 19 percent, which put a damper on consumer spending. Another important factor to consider is the growth of the used car market: for every new vehicle sold, four used vehicles are sold in Colombia.

Auto parts sales totaled USD 4.21 billion in 2018, a 9.5 percent annual increase over 2017. According to the leading automotive parts association in Colombia, Asopartes, the increase can be explained by less uncertainty in the economy with the conclusion of the 2018 Presidential election, and better performance of the economy due to lower inflation rates, stronger consumer confidence, and lower interest rates. Additionally, an increase in sales of electric and hybrid vehicles led to more demand for vehicle and automotive parts[6].

At the end of 2017 there were nearly 14 million vehicles in Colombia, according to data from the Ministry of Transportation and the automotive association Andemos. Of those, 1.8 million were registered for transportation (freight and passenger) and 7.1 million were motorcycles (57 percent). Not including motorcycles, 92 percent of Colombian vehicles are for private use, seven percent are in public service, and one percent is for official use[7]. It is estimated that eight million Colombians use motorcycles, or one in every seven citizens. There were 497,414 motorcycles registered in Colombia in 2018. According to research conducted by Business Monitor International in 2017, Colombia's car ownership is still far from reaching saturation point.

A report conducted by the multinational banking group BBVA in 2018 estimates that the automotive sector contributes 1.5 percent to the country's GDP and is the 8th largest industrial employer. Colombia currently ranks as the third largest automobile manufacturer in South America. In addition, after Brazil, Colombia is the second largest motorcycle producer in the region, with an annual output of 547,296 units (domestic production satisfied 93 percent of local consumption in 2018)[8].

Several international auto manufacturers currently produce vehicles in Colombia. General Motors (Chevrolet and Isuzu), based in Bogotá, has an annual capacity of about 100,000 units, and in 2013 opened a stamping plant to manufacture and export body panels to markets in Central America and South America. Renault, based

[5] Colombian Vehicle Magazine "Motor", Edition 715, 2019
[6] Informe Venta Autopartes, 2018, Asopartes
[7] Parque Automotor Colombia, 2018, Andemos
[8] Manual Estadístico 37 "El Sector Automotor Colombiano 2017", Acolfa

in Medellin, has an annual capacity of 80,000 units. Automaker Daimler's subsidiary Daimler Colombia operates an assembly facility in Bogotá and opened a new bus manufacturing unit in Funza (near Bogotá) in June 2015 to add to its existing small-scale production facility in Bogotá. The new facility has an annual capacity of 4,000 units.

Mazda Motor had a capacity of 15,000 units annually until its assembly plant closed in May 2014. The company's plant in Colombia was only using 30 percent of installed capacity and suffered from relatively high production costs and low sales volumes in Colombia and regional export markets Ecuador and Venezuela. Mazda still sells imported vehicles in Colombia and provides after-sales service through its Mazda de Colombia subsidiary. Mazda sales increased 15.5 percent in 2018 and the company ranked fourth in top-selling brands in the country (21,520 units sold).

More than 100 brands and 700 models of vehicles are found in the Colombian market. The biggest seller is Chevrolet (19.5 percent market share), followed by Renault (19.4 percent market share), with Nissan in third place (nine percent market share). Kia has dropped to fifth place after Mazda (8.4 percent market share).[9] It is important to note that most of the GM passenger vehicles assembled in Colombia are based on Asian platforms, especially South Korea (Daewoo) and China (Shanghai General Motors).

In 2016, Colombia's percentage of nationally-produced vehicles was 41 percent. The other 59 percent of vehicles were imported from Mexico, Japan, the United States, Brazil and South Korea. Local production of vehicles in Colombia has been decreasing in the past few years. However, the high percentage of imports represents a good opportunity for imported parts and accessories, especially those from the United States, which are very well known and regarded nationwide.

Vehicle manufactures in Colombia are concerned with some Free Trade Agreements (FTAs) Colombia has signed with countries that have a large auto industry, as these countries can flood the market with cheap vehicles. Colombia has trade agreements with more than 25 countries and recently signed agreements with Israel and Panama. Further agreements are currently being discussed with Japan and Turkey, and this would likely boost the volume of imported vehicles into Colombia.

Firms from more than 100 countries compete to supply the Colombian automotive parts market, with China, the United States, Japan and Brazil having the highest market share. Firms from the United States and Brazil compete with quality and state-of-the-art products, while firms from many Asian countries have obtained larger market share pursuing a low-price strategy and offering lower quality.

In 2016, the annual production of automotive parts in Colombia was equivalent to USD 218 million, with exports accounting for USD 366 million. The main destinations for Colombia's exports of auto parts are the United States, Ecuador, Peru, Mexico, and Brazil[10]. In 2018, imports represented USD 3.77 billion and were dominated by China (25 percent), the United States (18 percent), Brazil (eight percent), Japan (7.4 percent), and Mexico (4.2 percent).[11]

The Colombian automotive parts industry faces several challenges, such as stolen vehicles, counterfeit products, and smuggling. During 2018, a total of 40,966 vehicles (including motorcycles) were stolen in the country, representing an increase of 31 percent in comparison with 2017. This has created an illegal market

[9] Informe Sector Automotor up to December 2018, Fenalco – ANDI
[10] Statistics Bureau - DANE; Global Trade Atlas - Colombian Exports Autoparts
[11] Global Trade Atlas, Colombian Imports Autoparts

for used auto parts valued at approximately USD 685 million in 2018[12]. The Government of Colombia is promoting awareness campaigns through national television and radio to prevent the purchase of stolen auto parts and is also enforcing penalties for consumers who buy illegal (stolen and counterfeit) auto parts.

Leading Sub-Sectors

Best prospects for automotive parts and accessories are:

- Brake fluid
- Transmission shafts, bearings, gears
- Tires for small vehicles, trucks and buses
- Tire retreading equipment
- Tire recycling operators
- Engines and engine parts
- Filters
- Insulated wire, cable
- Electrical parts
- Tire retreading equipment
- Tire recycling operators

Opportunities

In terms of auto parts, the United States is Colombia's second largest trading partner after China and Colombia is the United States' fourth largest trading partner in Latin America.

Colombia provides the following opportunities to U.S. automotive exporters:

- Vehicles
    - Electric vehicles could be a growth area, especially in public transportation. Such vehicles would have to have the requisite power to climb steep hills at high elevation while full of passengers. The local public transportation companies located in Medellin, Cali and Bogota are in the process of renovating their fleets, and they are considering including electric busses. The cities need to comply with regulations to reduce air pollution.
    - The Colombian Central Bank continued to cut short term interest rates in 2018, a measure that may encourage commercial banks to lower auto loan rates[13]. There are also signs that consumer confidence is rebounding after the national Value Added Tax was increased from 16 percent to 19 percent in January 2017.
- Auto parts
    - A. The high number of vehicles imported into Colombia represents a good opportunity for imported parts and spare and replacement parts and accessories, especially for U.S. products that are well known and regarded. Additionally, under the United States-Colombia Trade Promotion Agreement (TPA), some parts and auto parts (which were

[12] Informe Hurto de Vehículos, December 2018 – ASOPARTES
[13] Colombia Autos Report 2017, Business Monitor International; El Tiempo Article, March, 2019

previously assessed an average tariff of 13 percent) currently enter the Colombian market tariff free, while tariffs on other parts will be reduced to zero over the next two to five years.

- With the implementation of the TPA, Colombia is accepting re-manufactured auto parts listed under Chapter Four, Rules of Origin and Origin Procedures, Section A - Rules of Origin, ANNEX 4.18. Goods classified in the following Harmonized System subheadings may be considered remanufactured goods that would be allowed to be imported into Colombia: 8702, 8703, 8704.21, 8704.31, 8704.32, 8706, and 8707, 8408.10, 8408.20, 8408.90, 8409.91, 8409.99, 8412.21, 8412.29, 8412.39, 8412.90, 8413.30, 8413.50, 8413.60, 8413.91, 8414.30, 8414.80, 8414.90, 8419.89, 8431.20, 8431.49, 8481.20, 8481.40, 8481.80, 8481.90, 8483.10, 8483.30, 8483.40, 8483.50, 8483.60, 8483.90, 8503.00, 8511.40, 8511.50, 8526.10, 8537.10, 8542.21, 8708.31, 8708.39, 8708.40, 8708.60, 8708.70, 8708.93, 8708.99, 9031.49.
- The country is currently formulating policies to allow importation of remanufactured products to meet commitments under the TPA with the United States.
- Other provisions of the TPA include strong protection for U.S. investors (legal stability), expanded access to service markets, greater intellectual property rights protection, market access for remanufactured goods, increased transparency and improved dispute settlement mechanisms (arbitration). Under the National Treatment caveat within the TPA, U.S. companies must be treated as locals when they participate in public bids, eliminating the disadvantage they used to face prior to the signing of the agreement.
- B. The Government of Colombia announced that as of August 6, 2014 (Decree 2910, 2013), it would eliminate tariffs on imports of raw materials and inputs for the automotive sector (manufacture of auto parts and vehicle assembly in Colombia), under the condition that they are not produced in Colombia. This decision was part of the Program for the Promotion of the Automotive Industry (PROFIA, by its Spanish acronym), which considers this sector key to the country's industrial development. The argument in favor of this incentive centered on the technology transfer effect of the automotive industry in terms of human capital formation and entrepreneurial learning, which are often transferred to other manufacturing sectors of an economy[14].
- C. Automotive parts for electric vehicles is also becoming a trend. For example: engines for heavy duty trucks.

Breakdown of end-users are as follows:

- Freight and passenger transportation companies
- Government agencies
- Other end users: rental car and limousine companies
- Repair and maintenance shops
- Service stations, gasoline dealers and lubrication centers

Breakdown of distribution channels are as follows:

- Dealers and distributors of imported vehicles
- eCommerce sites that sell auto parts to end users (a relatively new channel of distribution in Colombia)
- Importers and distributors of automotive parts and accessories

[14] BBVA Research "Automobile Market Outlook, Colombia 2018".

- Sales representatives of automotive parts
- Tire distributors

Trade Events

Expopartes
Held every two years; next event will be Summer 2021 in Bogotá

Web Resources
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Key Contacts

Association of Automotive Parts Importers and Dealers (ASOPARTES)
Colombian Association of Automotive Parts Manufacturers (ACOLFA)
Colombian Association of Motor Vehicles (ANDEMOS)
Colombian National Tax and Customs Directorate (DIAN)
Colombian Merchants Federation (Fenalco)
Colombian Statistics Bureau (DANE)
Ministry of Transportation
National Industrialists Association (ANDI)
National Transit Registration System (RUNT)
ProColombia (Export Promotion, Tourism and Investment Agency)

Defense

Overview

It has been over one year since President Ivan Duque Marquez became the leader of Colombia and Commander-in-Chief of the Armed Forces, and Colombia's persistent problems continue to shape the new administration's agenda: record high coca production and public safety issues attributed to the ELN guerrilla group, 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, which 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 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 to 2021, mostly due to budget constraints. Colombia's defense budget decreased slightly in 2019 (due to Peso depreciation) to a total of USD 10.5 billion. Of this total, USD 438 million is earmarked for purchases of equipment and hardware. For 2019, the budget continues to be focused on maintaining operative foot of force that is needed to cover the rural zones formerly occupied by FARC guerrillas, now seeing presence of ELN and BARCIM. 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 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 stated in July 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 fumigation with glyphosate. 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. 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 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

Desperate attempt by the Government of Venezuela 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 4 million Venezuelans in Colombian by 2021. As of May 2019, there are an estimated 1.2 million Venezuelans in Colombia, which has put strains mainly on Colombia's healthcare system.
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 2019 Defense and Police budget is focused on modernizing the Armed Forces. 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 2019 defense budget received an annual 6.6 percent increase, which will have little impact when considering inflation and Colombian Peso devaluation. According to Colombia's Defense Minister, the increase in the budget will prepare the country for any threat and fully support the peace process with the FARC. 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 10.5 billion, which is equivalent to roughly fifteen percent of the total Colombian budget for 2019. Most of the defense budget will be designated for operational activities, such as payroll, procurement of basic goods and services, and pensions. Only USD 437 million (about four 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 (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, Narino, 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 possible, have the Embassy advocate for a

U.S. solution.

The United States continues to enjoy a privileged relationship with Colombia with regards to military equipment acquisitions. However, competitors from Israel, France, and Germany 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 unofficial estimates, U.S. imports generally make up close to 50 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 2019, 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 since 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 COTECTMAR 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 personnel total 511,550, with 369,100 active personal and 142,450 reservists. 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 since 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
December (2-4), 2019
Bogota, Colombia

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

ColombiaMar
Conference and trade show for naval industry
2020 Date to be Announced
Cartagena, Colombia

Web Resources

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Ministry of Finance
Info Defense
Ministry of Defense

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 22nd in the world and third among South American Countries (after Brazil and Venezuela) 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 7: Colombian Student Enrollment in the U.S.

Indicator	2015/16	2016/17	2017/18
Number of Colombian Students	7,815	7,982	7,976
% Change from Previous Year	9.0	2.1	-0.1

There were 7,976 Colombians who traveled to the United States to study in academic year 2017/18, a -0.1 percent decrease over the previous year. Colombian students in the U.S. are divided between graduate and undergraduate levels as follows:

Table 8: Colombian Students in the US by Academic Level

Academic Level	2016/17	2017/18	% Total	% Change
Undergraduate	3,250	3,273	41.0	0.7
Graduate	3,028	2,875	36.0	-5.1
Non-Degree	719	636	8.0	-11.5
OPT	985	1,192	14.9	21.0

Based on data from the Institute of International Education, Colombian students in U.S. colleges and universities contributed USD 302 million to the U.S. economy in 2017/2018 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 2018, ICETEX awarded more than 853 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 2018 COLFUTURO awarded 1,367 scholarships for masters and PhD programs, with 302 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, and Harvard University, among others.

Opportunities

Although the exchange rate is still 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.

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 for their students. 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. 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.

Web Resources

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Key Contacts
Institute of International Education

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

Electrical Power and Renewable Energy Systems

Overview

Table 9: *Electrical Power and Renewable Energy Systems Overview*

	2017	2018	2019 estimated
Total Local Production	255	266	290
Total Exports	200	211	235
Total Imports	1,010	1,016	1,040
Imports from the U.S.	223	250	300
Total Market Size	1,065	1,070	1,095
Exchange Rates	COP 2,951	COP 3,000	COP 3,300

[total market size = (total local production + imports) – exports]
Units: USD millions
Source: World Trade Atlas; Industry Associations

Colombia's installed electric power generation capacity currently stands at 17,319 MW, with hydro accounting for 64 percent, gas-and coal-fired power plants accounting for 29 percent, and the remaining seven percent from wind and cogeneration units. On February 28, 2019, the government held a reliability charge power auction and awarded commitments to 17 new facilities including, for the first time, wind (1,160 MW) and solar (238 MW) generation assets that will increase the system's capacity to 21,329 MW beginning in December 2022.

After the approval of Law 1715 in 2014, the government maintained its efforts to promote private ventures in large scale, renewable energy projects after the implementation of new regulatory measures that support a suitable environment for unconventional renewable power projects to be competitive and increase the reliability of the power grid system, in addition to develop 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 is undergoing cleanup activities and successfully participated in the latest relibility charge auction along with other projects totalling over four GW.

The government is currently preparing an upcoming long-term unconventional power auction planned for late September 2019 and hopes to attract new players with 12-year PPA contracts that industry expect will benefit regional power distributors and power consumers. These developments and reliability issues in selected regions open new business opportunities with the upcoming procurement process to implement a large-scale battery energy storage system in the Caribbean region which currently suffers from reliability and service quality issues.

Trade Events

FISE 2019 (International Fair on the Electric Sector)
December 4-6, 2019
Plaza Mayor Convention and Exhibition Center
Medellín, Colombia

Key Contacts

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U.S. Trade and Development Agency (TDA)
Association of Power Generation Companies (ACOLGEN)
Energy and Natural Gas Regulatory Commission (CREG)
Grupo Energía de Bogota (EEB)
Empresas Públicas de Medellín (EPM)
InterColombia - Interconexión Eléctrica S.A. (ISA)
ISAGEN
Mining and Energy Planning Unit (UPME)
National Planning Department (DNP)
Ministry of Mines and Energy (MME)

Information and Communication Technology (ICT)

Overview

Table 10:

	2017	2018	2019 (est.)
Market Value	USD 5.58	USD 6.06	USD 6.38
Exchange Rates	COP 2,951	COP 3,000	COP 3,100

Source: BMI Research, in billions USD

The Information and Communication Technology (ICT) sector presents opportunities for U.S. companies that are able to offer products and services the Colombian market needs to advance in connectivity and Information Technology (IT) services.

According to Business Monitor International, IT spending in Colombia will increase by 8.8 percent (USD 6.38 USD Bn) in 2019 and is expected to keep growing in the next few years. There are several variables that could provide broad support to the IT market in 2019, including low inflation and economic growth, which will increase the Colombian imports of products and services.

Industry sources forecast Colombia's total IT market to reach a value of USD 6.38 billion with an optimistic outlook for growth in 2019. IT services sales make up the largest share of the market at 65 percent, followed by computer hardware sales at 18 percent and software sales at 17 percent.

According to the latest bulletin published by the Colombian Ministry of Telecommunications (MinTIC) in May 2019, Internet penetration has reached 65.5 percent, with more than half the total population accessing the Internet through their mobile phones. Six years ago, only 15 percent of the population had access to broadband Internet.

On June 5th, 2019, the House of Representatives of the Colombian Congress approved the ICT Law, also called the Law of Modernization of the ICT sector that pursues the reduction of the digital gap in Colombia, an increase investment and simplify the institutional structure. The law intends to boost the ICT sector allowing current and new companies to develop innovative projects in connection with ICT services, to improve the access to those services and to enable the progress and modernization and implementation of new technologies in the country.

Colombian International Trade in IT Equipment

Colombia's total imports of IT equipment (Harmonized System Code HS8471: automatic data processing machines and units thereof; magnetic or optical readers; machines for transcribing and processing coded data) in 2018 amounted to USD 1,06 billion, a 7.5 percent increase compared to 2017. Of this total, 70 percent of imports (USD 747 million) came from China, followed by Mexico at 13 percent (USD 135 million), and the United States at five percent (USD 56 million).

Leading Sub-Sectors

1. Cloud computing services and cyber security solutions
2. Hardware: Upgrading of equipment compatible/enabled for cloud services in private companies

3. Software: Enterprise Resource Planning (ERP) solutions; Business intelligence solutions; Advanced security software solutions

Opportunities

The total value of Colombia's imported IT products increased throughout 2018 compared to the previous year. Imported goods directly from the United States have decreased over the past several years, leading to a drop-in market share compared to to China and Mexico; however, U.S. keeps the third place in IT exports after these two countries. China's increase in market share can be explained in part by two main reasons: many international and U.S. manufacturers have their production facilities in China and export directly from China, and Chinese companies continue to expand aggressively into Latin America through now-familiar brands such as Huawei and Lenovo.

Nevertheless, the IT sector in Colombia is expected to continue growing above overall economic output (GDP) rates and promising prospects exist 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. Low income consumers are likely to prefer a smartphone for consuming content from the Internet rather than a tablet.

There is demand in Colombia for IT investments and services that boost efficiency and/or increase flexibility in diverse sectors, such as financial and manufacturing. According to MinTIC, Colombia has infrastructure capable of handling world-class operations, with 10 submarine cables that allow the use of 4G technology, but the country is making plans to adopt 5G in the upcoming years.

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

Colombia's ICT market continues to be driven by government programs aimed at increasing access and penetration. The broadest coverage can be found in the mobile telephone segment, where there were 64.51 million registered lines equivalent to 129.5 percent penetration (in a country of approximately 49 million inhabitants) at the end of 2018. Approximately 79.44 percent of the lines work through prepaid services, according to the latest MinTIC quarterly report.

As the penetration rate continues growing, operators in this prepaid saturated market are focusing more on non-voice services for revenue growth and are competing to expand their 4G LTE networks, while the telecoms market remains virtually unchanged.

In May 2012, the U.S.- Colombia Trade Promotion Agreement (TPA) came into effect, including a chapter specifically detailing 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.

Trade Events

ANDICOM
September 4–6, 2019
Cartagena, Colombia

Tecnomultimedia infocomm
October 23-25, 2019
Bogota, Colombia

Andinalink
March 3-5, 2020
Cartagena, Colombia

Web Resources

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Key Contacts

Ministerio de Tecnologías de la Información y Comunicaciones (MinTIC)
Colombia TIC
Ministerio de Comercio, Industria y Turismo (MinCIT)
Federación Colombiana de la Industria de Software y TI (Fedesoft)
Cámara Colombiana de Informática y Telecomunicaciones (CCIT)

Design and Construction-Infrastructure Development

Overview

According to BMI Research, Colombia's construction industry will return to robust growth in 2019 and 2020, backed by rising investment in infrastructure and non-residential construction as well as a strengthening of the residential sector from 2020. Over the long term, growth will be sustained by improving macroeconomic conditions, strong housing demand, and a continued focus on infrastructure development.

While corruption investigations will continue to pose a downside risk to the sector in 2019, project activity is expected to increase this year, supporting the recovery of the overall construction industry. Moreover, the Colombian government passed several measures on 2018 to improve the public procurement process. For example, Infrastructure Law 1882 modifies the rules of public contracting, infrastructure, and Public Private Partnerships (PPP), and has been a boost for the infrastructure sector in Colombia. The Law has improvements that go from the selection process in tenders (multiple bidders) to the liquidation of infrastructure contracts, with the aim of improving efficiency, transparency, and legal security.

Table 11: Current State of Transportation Infrastructure

Segment-Global Competitiveness	Rank	Score
Transport Infrastructure	93	40.2
Roads	105	42.9
Railroad Infrastructure	99	8.1
Port Infrastructure	44	47.3
Airport Infrastructure	48	62.5

World Economic Forum Report 2018-2019. Score 0-100 best

Colombia's transportation infrastructure segment will see robust growth over the coming years driven by the country's USD 25 billion 4G road concessions program as well as the USD 4.4 billion Bogota metro rail project that is scheduled to begin in 2019. Despite the uncertainty created by the recent Odebrecht corruption scandal, there are indications that investor confidence is returning to Colombian infrastructure projects, supporting new financial closures on the 4G program.

Table 12:

TRANSPORTATION INFRASTRUCTURE INDUSTRY DATA (COLOMBIA 2018-2028) ANNUAL GROWTH											
Indicator	**2018e**	**2019f**	**2020f**	**2021f**	**2022f**	**2023f**	**2024f**	**2025f**	**2026f**	**2027f**	**2028f**
Transportation	2.2	4.8	7.4	6.1	1.8	-0.7	3.2	4.2	4.4	4.2	4.1
Roads and Bridges	3.1	5.8	5.7	4.5	2.2	2.7	4.3	4.8	5.0	4.7	4.5
Railways	-1.4	1.1	20.0	15.3	0.1	-16.7	-2.7	2.0	2.4	2.6	2.5
Airports	1.5	2.7	2.3	1.9	3.2	1.8	2.7	2.4	2.8	2.2	2.0
Ports, Harbors and Waterways	0.5	1.2	2.4	2.3	2.0	1.5	2.3	2.4	2.0	2.2	2.2

e/f=BMI estimate/forecast Source National Sources, BMI

Table 13: **Total Value of Ongoing Transportation Infrastructure Projects: + USD Nine Billion**

PROJECT	VALUE
Bogota Metro Rail, Line 1	USD 4.4 billion
Magdalena River Navigability Project	USD 1.43 billion *Goldman Sachs
El Dorado 2 Airport Construction	USD 1.3 billion
Ferrocarril Antioquia	USD 900 million
Airport Modernizations	USD 545 million
RegioTram Bogota	USD 465 million
Barranquilla Light Metro	USD 460 million

Airports: According to BMI, Airport infrastructure development in Colombia will be a significant focus of infrastructure investment through 2023, with the government planning to prioritize investment in the sector given expectations of strong demand growth over the coming years. Bogota and Cartagena will likely be the primary focus of investment, with privately-backed projects being considered in both metropolitan areas, including the expansion of Bogota's El Dorado Airport and a greenfield airport project in Cartagena.

For BMI, private investment will remain key in airport development across the country. Colombia's major airports are all operated via concession agreements. Supported by the country's relatively secure concession framework and a supportive political environment for private involvement in infrastructure development in the country, major infrastructure groups are interested in backing new investments in the airport sector, greatly increasing the probability that projects advance.

Seaports: More than USD 1.5 million will be invested by private companies in Colombia to develop 17 port terminals in seven departments distributed between the Caribbean and the Pacific Ocean.

Colombian ports have been pioneers in attracting private investment. Colombia's National Infrastructure Agency (ANI) has concessioned 60 ports in eight port areas, and between 2010 and 2017 USD 158 million were invested in port access channels. Ports have also grown considerably in capacity and cargo: in 2010 they had a capacity of 286 million tons and in 2017 the figure reached 444 million tons.

Today the country has 31 gantry cranes installed in the main port terminals of the country. Port operators in Buenaventura (Pacific), Cartagena, and Santa Marta (Caribbean) made significant investments that have introduced more efficiency and competitiveness. In addition, new terminals in Puerto Bahía (Cartagena), Puerto de Aguadulce (Buenaventura), and Puerto Cayao (Cartagena) began operations in recent years.

Colombian sea terminals are at capacity and are continuously receiving upgrades, including the expansion of container yards, building of refrigerated cargo facilities, and other modernization projects. All Colombian seaport terminals are seeking to increase the efficiency of their operations. As a result, the following investments are being made:

- Expansions of port platforms
- Canal dredging
- Green technologies to lower pollution emissions affecting local populations

- Navigation systems

Riverine ports: The Brazilian construction firm Odebrecht was a stakeholder in the Navelena consortium that was in charge of developing the navigability of Colombia's Magdalena River. However, the company's global corruption scandal suspended the project and revoked the company's concession. The current value of the project is approximately USD 1.3 billion, which entails dredging more than 600 miles of river and creating a "Mississippi River" in Colombia that facilitates commerce from the center of the country to the Caribbean port of Barranquilla. The savings in transportation costs are estimated to be 20 percent compared to the use of inland roads. The project is scheduled to re-open for public tender at the end of 2019 and will have a concession valid for 13 years.

Roads: The Colombian Government has been investing in the ambitious Fourth Generation (4G) public-private partnership infrastructure program, which continues to advance slowly eight years after its inauguration. According to BMI, road and bridge construction will be a key driver of infrastructure investment in Colombia over the coming years supported by the advance of the large 4G road concessions program. Investments will also flow into the sector from the advance of a number of other projects including the La Linea tunnel as well as the former Ruta del Sol II road concession, sections of which will now be developed as public works contracts. Supported by these investments, BMI forecasts the road and bridge construction segment will see average real growth of 6.1 percent between 2018 and 2022, driving the growth of Colombia's construction industry.

The completion of the 4G program is expected to have a positive impact on Colombia's economic competitiveness by lowering relatively high logistics costs that hamper the country's productivity and drive up costs of consumer goods and industrial inputs. The 4G program envisions a USD 17 billion investment to build over 4,400 miles of new roads, 141 tunnels, and 1300 viaducts.

Most of the road projects were designed to expand the country's transportation system and include more than 30 primary road improvements and construction projects. Many planned concession projects (such as the Prosperity Corridor and the Sun Route) will link main ports with major cities to augment the current state of cargo transportation and lower the relatively high costs of shipping goods over land.

Generally, U.S. companies have not participated in the 4G program due to the uncertainty surrounding cost recovery, the high risk associated with the projects (many in remote areas), and the complexities of environmental licensing and consulting with local communities. Many of these companies have found the return on investment to be too low given the risks and have preferred to participate in less risky portions of the projects, such as engineering, architectural design, and financing.

Urban and Rail Transportation

Supported by progress on the Bogota Metro Rail and the RegioTram, BMI Research modified its forecast for the rail sector and expects growth of 20 percent in 2020 and 15.3 percent in 2021 as work picks up on the two projects.

Bogota Metro Rail, First Line

This project has secured funding (Fitch Rating AAA). Prequalification of interested parties May/July 2018. The First Metro Line in Bogotá is a historic project and one of Colombia's largest infrastructure projects, with an estimated CAPEX of USD 4.4 billion. Of that total, USD 694 million come from public coffers in Bogota. The concessionaire that wins the tender will contribute USD 1.16 million, delivered through debt or own resources,

while USD 2.4 million will be financed by international financial institutions. The transactional model is to make a single integral concession that includes the construction of civil works, the incorporation of rolling stock and railway systems, as well as its partial financing, operation and long-term maintenance. In this way, there would be only one tender for the concession, which would be awarded to a single company or consortium of contractors, manufacturers and operators. This reduces the risks of executing the project through several contracts. U.S. companies could be key players by participating in the architectural design, construction, and engineering of this metro rail project. More information is available at: Metro de Bogota

On February 25, Metro de Bogota, the public agency in charge of urban rail development in the city of Bogota, opened seven bids for prequalification in the project. Among the 23 firms making up the bidding groups are numerous major international infrastructure developers with substantial experience in the construction of urban rail systems, including large European, Chinese and Latin American firms. Following this step, Metro de Bogota is scheduled to announce the prequalified firms for the project on June 28. Prequalified bidders will then be invited to submit economic offers for the project in the following months with the goal of awarding the project by October. The project involves the construction of a 24 km of elevated railway in Bogota with 16 stations.

Light Rail and Metro Projects (Barranquilla, Medellin and Bogota)

Colombia has 1,500 miles of narrow-gauge railroad, which is divided into four different systems managed either by concessions or by one of Colombia's thirty-two departments (states). The public railroad system is not extensive or efficient and is currently not a high investment priority for the Government of Colombia. Two mining companies privately own the only two standard gauge lines in Colombia, which are mostly used to transport coal from the mine to the seaport for export.

According to BMI, a light rail project in the department of Antioquia is seeing momentum. In February, the Administrative Court of Antioquia overturned a ruling that had blocked the financing deal for the USD 300 million automatic light rail project in Rionegro, removing a key obstacle to the advance of the project. A four-month tendering process for the project, which involves the construction of a 17 km light rail line and 14 stations, is set to begin in mid-2019.

Residential/Non-Residential Building

According to BMI, non-residential construction will compensate for weak investment in residential construction in 2019, supported by improving macroeconomic conditions in the country and rising foreign investment. Building permit data indicates rising momentum for non-residential building in recent months. Logistics facilities and shopping malls are set to be among the primary areas of investment in the near term, with a large number of these projects currently under development in the country. Residential construction, in contrast, will continue to see limited investment through the first half of 2019, with potential for weaker than expected investment in the sector. Investment in residential construction has fallen substantially since a peak in 2015, with the total area permitted in 2018 down 6.1 percent compared to levels seen in 2017 and down 27.7 percent from levels seen in 2015. The weakness of the sector appears set to continue through much of 2019.

Leading Sub-Sectors

Best prospects in the construction and infrastructure sectors are:

- Complex engineering projects and services related to mass transport systems: seaport/riverine engineering (liquid natural gas facilities), tunnels and bridges, high security government buildings, and infrastructure/urban master plans
- Architectural and engineering for LEED projects
- Aeronautical infrastructure equipment and services
- 4G project financing and financing for private sector initiatives
- Intelligent transportation systems equipment and services
- Road safety equipment and services (such as electronic toll collection)
- Specialized construction equipment

Opportunities

On May 15, 2018, the U.S.-Colombia Trade Promotion Agreement (TPA) celebrated its sixth anniversary. Due to the TPA, road and railroad construction equipment (once totaling an average import tariff of 15 percent) currently enters the Colombian market duty-free. Services such as project management, bridge design, and architecture and engineering, among others, have also benefited from the TPA.

Other gains from the TPA include stronger legal protections for U.S. companies, expanded access to the services market, market access for used goods, increased transparency in procurement, and improved dispute settlement mechanisms (arbitration). Under the National Treatment Caveat, Chapter Nine of the TPA, U.S. companies must be treated as locals when they participate in public bids, eliminating the disadvantage they used to face prior to the signing of the agreement. The one exception is public bids issued by the Colombian Civil Aviation Authority (AeroCivil).

Since opportunities in road construction, airport expansion, and port expansion arise from concessions and from 4G contracts based on the Public Private Partnership (PPP) law, American firms interested in offering services to construction companies in Colombia must understand how the PPP structure works. U.S. firms should also find a local representative who can support them in-country or explore the possibility of a joint venture for engineering projects.

Trade Events

National Congress on Infrastructure
Cámara Colombiana de Infraestructura
November 20-22, 2019
Cartagena, Colombia

Web Resources

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Key Contacts

National Agency of Infrastructure
Colombian Chamber of Infrastructure
SECOP
Camacol-Colombian Construction Chamber

Medical Devices

Overview

The Colombian medical devices market relies overwhelmingly on imports, which made up about 82 percent of the market in 2018, despite strong domestic production focused mainly on consumables. Since the implementation of the U.S.-Colombia Trade Promotion Agreement (TPA) with the United States in 2012, 96 percent of U.S. medical equipment exports to Colombia receive duty free treatment.

Domestic production is concentrated at the low technology end of the market. The National Statistics Department (DANE -Departamento Administrativo Nacional de Estadística) reported production worth USD 238.9 million in 2017 where syringes, needles and catheters, orthopedics and prosthetics, and dental products represent the most important products produced locally.

According to BMI Research, U.S. imports make up the largest share of the Colombian market, accounting for 30.1 percent of all medical equipment imports, followed by China (14.4 percent), Germany (nine percent), Mexico (4.4 percent), and Ireland (4.4 percent), with China quickly increasing market share.

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, Australia, and New Zealand. Among the top U.S. medical equipment exports to Colombia in 2018 were medical, surgical and dental instruments, as well as electro-diagnostic apparatus.

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 due to Law 100 of 1993, whereby all citizens, irrespective of their ability to pay, are entitled to a comprehensive health benefit package.

Table 14:

	2015	**2016**	**2017**	**2018**
Total Exports	67	67	69	72
Total Imports	1010	871	830	934
Imports from U.S.	396	317	263	281
Exchange Rates	COP 2,746	COP 3,053	COP 2,951	COP 3,000

Source: BMI Research, millions of USD

Colombia is seeing an increasing rate of non-communicable diseases, particularly cardiovascular disease, cancer, and diabetes, that will shape the development of Colombia's healthcare market over the coming years. Communicable diseases such as HIV and tuberculosis will remain top public health concerns.

Leading Sub-Sectors

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

- Medical, surgical and dental instruments

- Electro-diagnostic apparatus
- Diagnostic imaging equipment
- Laboratory equipment and consumables
- Orthopedic devices and hearing aids
- Prosthetic devices

Opportunities

INVIMA (*Instituto Nacional de Vigilancia de Medicamentos y Alimentos*, Colombia's regulatory authority similar to the FDA), 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. 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 three below. Please be advised that this is not an exhaustive list, and this does not constitute a recommendation or endorsement of these firms.

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

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. The following resolutions and decrees are relevant to U.S. exporters:

- Resolution 004816 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 (registration will take between 1 to 6 months)
- Decree 1571 of 1993: provides diverse specifications for blood centers
- Resolution 1319-1310: GMP (good manufacturing practices) for the customized medical devices manufacturing and processing
- Law 9 of 1979: sets the basic regulations for medical devices and also sets sanctions and prohibitions

Trade Events

Meditech-Colombia
July 14-17, 2020
Bogota, Colombia

Meditech is the most important event in Colombia for the health sector. It gathers key stakeholders in the medical industry and is the premier event for generating qualified business contacts. It has positioned itself as one of the most important business events for the health sector in Latin America because it has the most complete commercial showcase of products and services related to the industry. Meditech takes place every other year.

Web Resources

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Key Contacts

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

Oil and Gas Exploration and Production Equipment

Overview

Table 15: *Oil and Gas Exploration and Production Equipment Overview*

	2017	2018	2019 estimated
Total Local Production	225	226	230
Total Exports	110	115	118
Total Imports	1,887	1,955	2,000
Imports from the U.S.	732	805	807
Total Market Size	2,002	2,066	2,112
Exchange Rates	COP 2,951	COP 3,000	COP 3,300

[total market size = (total local production + imports) – exports]
Units: USD millions
Source: World Trade Atlas; Industry Associations

The oil and gas sector is a key generator of central government income and, as the industry gradually recovers globally from the long period of low commodity prices that started in 2014, it is also recovering with President Duque's 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 ELN. Operating companies also have high production costs and face relatively high taxes.

During 2018, Colombia reached an average production rate of 886,000 barrels per day, a decline from its 2015 peak of over 1 million barrels per day. However, average natural gas production reached 1.05 billion cubic feet per day with Ecopetrol (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 a process that could result 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 1.9 billion barrels due to the lack of significant oil discoveries, allowing for the country to be self-sufficient until 2025, 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 3.7 trillion cubic feet (TCF) of proven reserves.

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.

On February 14, 2019, government officials received a report from the experts of the Commission on Hydraulic Frackturing who recommended the development of multiple unconventional hydrocarbon pilot projects, to be designed jointly with the relevant environmental and sectoral entities. 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

II Cumbre de Petróleo y Gas (II Oil and Gas Summit)
November 13-15, 2019
Agora Bogotá Convention Center
Bogotá, Colombia

Web Resources

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ECOPETROL, SA
Energy and Natural Gas Regulatory Commission (CREG)
Colombian Petroleum Association (ACP)
Colombian Petroleum Services Chamber (Campetrol)
Mining and Energy Planning Unit (UPME)
National Planning Department (DNP)
Ministry of Mines and Energy (MME)
U.S. Trade and Development Agency (TDA)

Processed Foods and Beverages

Overview

The information below is extracted from the USDA FAS GAIN Report: CO1903 (3/29/2019)- "Colombian Market Continues Offering Opportunities to U.S. Exporters"

Imports of Consumer-Oriented Products: Colombia's total imports of consumer-oriented products grew 9.7 percent in 2018 to USD 1.89 billion. The United States is Colombia's top source for consumer-oriented products, with 2018 imports up 13.7 percent to USD 650 million. Colombia's next largest sources for consumer-oriented products are Chile (USD 242 million) and Mexico (USD 213 million). Consumer-oriented products account for 22 percent of the distribution of U.S. agricultural trade to Colombia.

Table 16: **Imports of Consumer-Oriented Products, 2018**

United States	34%
Chile	13%
Mexico	11%
Brazil	7%
Peru	4%
Spain	4%
Other	27%

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: The restaurant and food service sector is expected to expand as a consequence of growing incomes, higher participation of women in the labor force, and more demands on household time, resulting in a stronger incentive to dine out or order home delivery food services. Colombians' preferences for home delivery foods are roasted chicken, hamburgers, and pizza. Restaurant chains are expected to perform better than independent, local restaurants. For more information, please see Food Service GAIN Report.

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 set to rise by 5.6 percent in 2019, after estimated growth of 11 percent in 2018. However, over the rest of the forecast period to 2023, BMI expects growth to return to stronger levels, averaging 7.4 percent a year.

Processed Food[15]

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.

[15] Processed Food forecasts are based in excerpts of the analysis done by *Business Monitor International in Colombia Food and Drink Report- Includes 5-year forecasts to 2023*

Alcoholic Drinks[16]: 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. 2018 alcoholic beverages performance was affected by a new tax structure for these products, affecting consumer decisions.

Leading Sub-Sectors

Table 17: **Quick Facts CY 2018**[17]

Imports of Consumer – Oriented Products: USD 1.89 billion

List of Top 10 Fastest Growing Imported Consumer Oriented Products in Colombia (USD 1,000):

Description	2017 (Dollars)	2018 (Dollars)	2018/2017 Change (%)
Chestnuts, fresh or dried, shelled	213	13,828	6,401
Prepared or preserved meat offal or blood of any animal	1,706	62,798	3,581
Butter	15,472	177,407	1,046
Mushrooms, fresh or chilled,	1,277	7,182	462
Beans, raw, cooked in boiling water, frozen	2,458	11,646	373
Meat, swine, hams, shoulders, bone in, fresh or chilled	31,192	122,336	292
Tongues of bovine animals, edible, frozen	23,712	82,772	249
Vermouth/grape wine flavored with plants	9,393	28,782	206
Nutmeg, neither crushed nor ground	209,289	581,918	178
Dried wood ear muchrooms, whole, cut, sliced, broken or in powder, but not further prepared	142	395	177

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

[16] GAIN Report: CO1903 (3/29/2019)- Colombian Market Continues Offering Opportunities to U.S. Exporters
[17] GAIN Report: CO1903

opportunities for U.S. food products with zero duties entering Colombia:

Table 18:

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 19: **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.

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: (+571) 601 96 60 - (+571) 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.

Web Resources

U.S. Commercial Service Bogota contact: Commercial Assistant Julio Acero

Email: Julio.Acero@trade.gov
Tel: 57 1 275 2635

Key Contacts

USDA Foreign Agricultural Service

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

Travel and Tourism

Overview

Table 20: *Colombia Travel and Tourism Data*[18]

Year	Total Travelers to USA	Percentage Growth
2015	854,000	-3%
2016	835,000	-2%
2017	842,000	-1.3%
2018	942.617	12%

Opportunities for U.S. companies in Colombia's tourism sector encompass services that U.S. companies can offer Colombian visitors to the United States as well as tourism infrastructure and services that U.S. companies can provide to the Colombian market. In 2018, Colombia was listed as the number two destination to visit in a New York Times' article "52 Places to Go in 2018". An improved security environment and increasing prosperity in Colombia bode well for the tourism sector in that more Colombians are traveling internationally and more of Colombia's national territory is open to tourism. 2018 was a record year for tourism-generated revenue in Colombia, and the country's government is actively promoting the sector after years of hostilities with insurgency groups like the FARC hampered its development. Colombia's beaches, mountains, colonial cities, coffee plantations, and oceans are capturing attention from international travelers, and the United States and Colombia are being connected by a growing number of direct, nonstop flights. Opportunities exist in Colombia for U.S. companies specializing in hotel and restaurant development and equipment, hospitality training and education, eco-tourism, ocean sports, and guided tours. Likewise, the United States will benefit from an increase in Colombian tourists, especially as Colombians venture beyond the traditional destinations of Miami-Orlando, New York, and Los Angeles.

In terms of international travelers to the United States, Colombia ranked 14th in 2018, with 942,617 travelers, a 12 percent annual increase, the largest increase in the last five years. Despite a relatively weak Colombian currency, Colombians are still interested in traveling to the United States and the United States continues to be Colombians' top international travel destination.

The Travel and Tourism market represents approximately 3.8 percent of Colombia's GDP and is the third leading source of foreign exchange behind oil and coal. Colombia's Ministry of Commerce, Industry and Tourism (MinCIT) announced that the country's tourism revenues reached nearly USD 5.8 billion in 2018, an annual increase of 13 percent. The country received more than 6.8 million foreign tourists in 2018, an annual increase of 10 percent over the 6.1 million foreign visitors in 2017. Revenues from tourism have nearly doubled since 2010, according to MinCIT, and the government's goal is to reach USD 40 billion in tourism revenues by 2022. According to the Colombian government, the tourism sector accounted for USD 8 of every USD 10 that entered the country in 2018. The increase in airline routes to Colombia has been a significant contributor to tourism growth. Last year alone the Colombian civil aviation authorities approved 42 new national routes and

[18] National Travel and Tourism Office - International Trade Administration - U.S. Department of Commerce; U.S. Travel Association; Ministry of Commerce, Industry and Tourism.

20 new international routes for 15 airlines. Recent announcements include those by American Airlines, now offering a direct route between Miami and Pereira, and Delta, scheduled to start non-stop service between Bogotá and New York city in December 2019.

The Colombian Government is making rural development and tourism high priorities to ensure the 2016 peace agreement with the FARC guerrillas is sustainable and to diversify the economy from oil dependence. New opportunities in the tourism sector are emerging for U.S. firms beyond the traditional accommodation of Colombian travelers to the United States. After years of conflict with the FARC, Colombia's tourism sector had been unable to reach its potential, especially in the more remote areas of the country that have potential for eco-tourism, agriculture tourism (coffee plantations), mountain hiking, river rafting, bird watching, camping, rainforest exploration, etc. As crime rates decrease, the country's image abroad improves, infrastructure improvements are made to the county's highway system, and as the government pushes to develop this industry, Colombia's domestic tourism sector is starting to see significant growth, and with it will come demand for hospitality services, training, hotel construction and renovations, tourism operators, hotel equipment and furnishings, and other related exports from the United States.

The United States is the most popular travel destination for Colombians, who last year spent about USD 3.13 billion in the U.S. (excluding airfares) on food, car rental, hotels, sightseeing, and shopping. The length of stay for Colombians in the U.S. varies, but is usually approximately ten nights. However, for those with relatives in the U.S., the average stay ranges from two to four weeks. The time of travel usually corresponds to school calendars and typically takes place from November to early February during Easter week (a national holiday in Colombia), and from June to late August. Since April 2012, when the State Department increased the validity of B-1 and B-2 visit visas for Colombians traveling on a temporary basis to the U.S. from five years to 10 years, the number of Colombians traveling to the United States has increased over 20 percent. Colombia is forecast to resume growth in travelers to the United States in the coming years and reach 194,000 visitors (23 percent growth) by 2021.

The change in visa validity is part of the U.S. Government's effort to expand its partnership with Colombia to increase tourism. Additionally, the U.S. Government has streamlined the visa application process in order to reduce interview wait times. The Trade Promotion Agreement between U.S. and Colombia and the increase in Colombian investments in the United States are further stimulating business travel between the two countries.

The "Open Skies" air transport agreement signed in 2011 by the U.S. and Colombia expanded the strong linkages between the two countries, benefiting U.S. and Colombian businesses and travelers by expanding air service and encouraging competition among airlines, while safeguarding aviation safety and security. Airlines from the United States and Colombia are allowed to select routes, destinations, and prices for both passenger and cargo service based on consumer demand and market conditions. This agreement significantly increased air traffic between the two countries in the last three years. Currently, more than 200 weekly flights operate between Colombia and the United States. This has also led to an increase in the number of airline seats offered from 12.8 million in 2013 to 16.7 million seats in 2017. The domestic market has also increased from 23 million to 30.2 million during the same period.

Five U.S. airlines provide non-stop, daily flights between Colombia and the United States: Delta (from Atlanta and as of December 2019 New York City), United Airlines (from Houston and New York), American Airlines (from Miami and Dallas), Spirit (from Fort Lauderdale), and Jet Blue (from Orlando and Fort Lauderdale). Non-U.S. airlines (Copa, LATAM, Viva Colombia) also operate on some of these routes. Colombian airline Avianca provides non-stop flights to Miami, Fort Lauderdale, Orlando, New York, Washington-Dulles, and Los Angeles. Satena is Colombia's government-owned airline and is the only non-affiliated carrier in the country.

Colombian visa-holders are eligible to apply for Global Entry, a program that expedites clearance for pre-approved, low-risk travelers upon arrival in the United States. Members enter the United States through automatic kiosks at select international airports. At airports, program members proceed to Global Entry kiosks, present their machine-readable passport and visa, place their fingerprints on the scanner for fingerprint verification and complete a customs declaration. The kiosk issues the traveler a transaction receipt and directs the traveler to baggage claim and the exit.

Travelers must be pre-approved for the Global Entry program. All applicants undergo a rigorous background check and in-person interview before enrollment. The program costs USD 100 and membership lasts 5 years, making it an attractive option for frequent travelers to the United States.

Frequent travelers to Colombia might be interested in Colombia's trusted traveler program, *Migración Automática*. Travelers can register at airports for the program, which has a duration of two years. More information can be found at Migración Colombia.

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

Colombians are diversifying their travel habits and selecting other countries for their vacation plans. Latin American countries, especially Argentina, Brazil, Panama, Mexico, and Ecuador have become increasingly popular destinations. Europe and Turkey are also becoming very popular destinations for Colombians. These countries are attractive alternatives because there is no visa required and promotional packages that include low airfares and all-inclusive hotel or resort rates are readily available. Strong competition from alternative destinations combined with the strong U.S. dollar make it imperative for the U.S. travel and tourism industry to consistently offer promotions to Colombian consumers.

Leading Sub-Sectors

- Air transportation services
- Hotels, lodging facilities (including new construction and renovations to existing facilities)
- Hospitality management and training services
- Ecotourism and adventure tourism
- Passenger car rental
- Restaurants
- Sightseeing tours
- Amusement: theme parks, natural parks
- Shopping
- Special interest (sports, arts, entertainment)
- Beaches
- Cruises
- Health insurance cards

Opportunities

Colombia has great potential for investment in the following tourist niches:

Entertainment: amusement park construction, entertainment venues, and auditoriums enabled for concert events;

Nature: eco-luxury hotels, eco-glamping, eco-lodges/cabins with eco-friendly infrastructure (trails, paths, observation of birds);

Sun and Beach: luxury hotels, boutique hotels, and golf resorts;

Urban Hotels: full, limited and select service hotels, and hotels with convention centers;

Wellness Tourism: hotels with spa and wellness centers, including thermal infrastructure and thalassotherapy;

Luxury Hotels: currently there are more than 20 luxury hotels distributed mainly around the cities of Bogotá and Cartagena, and seven new hotels are expected to arrive in the country in the coming years.

The increasing flow of foreign travelers coming to Colombia is creating a growing demand for hotel services. Several major international hotel chains have started construction of new facilities or are increasing their properties in Colombia. Hilton has 14 properties in Colombia and plans to open nine hotels in other cities (Barranquilla, Cartagena, Bucaramanga and Medellin); Holiday Inn plans to open three new hotels in Bogotá, Barranquilla and Cartagena; Tryp and Wyndham opened a new hotel in Bogotá and plan to open 43 hotels in Colombia in the next three years with the brands Days Inn and Super 8; Hyatt opened their first Hyatt Regency in Cartagena in December 2016, opened the Grand Hyatt in Bogota in 2018, and will open a Hyatt Place in Bogota this year. Additionally, Sonesta and Decameron have announced plans to build hotels in the cities of Bogotá, Medellin, Cali, and Cartagena, with 63 new hotels (4,600 rooms) to be completed by 2018.

According to the Colombian government's export promotion agency ProColombia, Colombia offers incentives in the form of an income tax exemption for ecotourism services certified by the Ministry of the Environment until December 31, 2022. Once the benefit expires, these companies will be subject to the income tax rate of 33 percent.

Other incentives:

- Tax duty exemption and VAT deferral on capital goods used for tourism
- Legal stability agreements to guarantee investment projects
- Tax discounts by hiring new employees under 28, handicapped, displaced, or women under 40 years old unemployed for more than a year.

Trade Events

Vitrina Turistica - Annual trade show organized by the Association of Travel Agencies and Tourism (ANATO)
February 26 – February 28, 2020
Bogotá, Colombia

VisitUSA Committee Colombia Road Show
March 2 – March 6, 2020
Bogotá, Cali, Bucaramanga, Medellín and Barranquilla, Colombia

Web Resources

Commercial Assistant Norcia Ward
U.S. Commercial Service Bogotá
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Email: Norcia.WardMarin@trade.gov

Key Contacts

Colombian Association of Travel Agencies and Tourism (ANATO)
Colombian Special Administrative Unit for Civil Aeronautics (AEROCIVIL)
Ministry of Commerce, Industry and Tourism (Mincit)
Office of Travel and Tourism Industries

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 21 – 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 5% 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: 0 percent to 5 percent on capital goods, industrial goods, and raw materials not produced in Colombia; 10 percent on manufactured goods, with some exceptions; and 15 percent to 20 percent on consumer and "sensitive" goods. 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. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce's Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and reexport of commodities, software, and technology (collectively "items") falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of items with commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses, and less sensitive military items.

BIS's Export Administration (EA) reviews license applications for exports, reexports, transfers and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, EA provides information on BIS programs, conducts seminars on complying with the EAR, and provides guidance on licensing requirements and procedures. EA's Office of Technology Evaluation (OTE) analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. OTE's data portal provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their items. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (*i.e.,* the item's classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at www.bis.doc.gov or by contacting the Office of Exporter Services at the following numbers:

Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322
Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347

Further information on export controls is available at: http://www.bis.doc.gov/licensing/exportingbasics.htm
BIS's Export Enforcement (EE) 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. In accordance with the EAR, BIS officials conduct site visits, also 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 party to a transaction to determine whether it 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 recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

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 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, intended to discover possible violations of the EAR.

Also, BIS has "Know Your Customer" guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. Check a current seminar schedule for a list of upcoming seminars.

BIS also provides online training.

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. 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) website.

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 The Consolidated Screening List API 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 potential parties to regulated transactions.The Consolidated Screening List API 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 potential parties to regulated transactions.consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The CSL is available here: http://apps.export.gov/csl-search or https://developer.trade.gov/consolidated-screening-list.html

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
Email: direccion@icontec.org.co

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

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

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

Investment Climate Statement

Executive Summary

With markedly improved security conditions, a market of 49 million people, an abundance of natural resources, and an educated and growing middle-class, Colombia continues to be an attractive destination for foreign investment in Latin America. In the World Bank's 2019 Doing Business Report, Colombia ranked 65 out of 190 countries in the "Ease of Doing Business" index.

Colombia's legal and regulatory systems are generally transparent and consistent with international norms. The country has a comprehensive legal framework for business and foreign direct investment (FDI). The U.S.-Colombia Trade Promotion Agreement (CTPA), which took effect on May 15, 2012, has strengthened bilateral trade and investment. Through the CTPA and several international conventions and treaties, Colombia's dispute settlement mechanisms have improved. Weaknesses include protection of intellectual property rights (IPR), as Colombia has yet to implement certain IPR-related provisions of the CTPA. Colombia was on the U.S. Trade Representative's Special 301 Priority Watch List in 2018.

The Colombian government has made a concerted effort to develop efficient capital markets, attract investment, and create jobs. However, the government has struggled both to replace the lost energy-sector revenues after the price of oil, its largest export, collapsed in 2014, and to adjust to a concomitant devaluation of the peso. President Ivan Duque took office in August 7, 2018. The new administration passed a tax reform on December 2018, aimed at alleviating the tax burden on companies, increasing private investment, and strengthening economic growth. Restrictions on foreign ownership in specific sectors still exist. FDI decreased 20.4 percent from 2017 to 2018, with more than half of the 2018 inflow dedicated to the extractives, finance, and transportation sectors. Roughly half of the Colombian workforce is in the informal economy, and unemployment registered at 9.7 percent for 2018.

Security in Colombia has improved significantly in recent years, with kidnappings down from 3,572 cases in 2000 to 170 cases in 2018. Since the 2016 peace agreement between the government and the country's largest terrorist organization, the Revolutionary Armed Forces of Colombia (FARC), Colombia has experienced a significant decrease in terrorist activity. Negotiations between the National Liberation Army (ELN), another terrorist organization, and the government have stalled, and the ELN continues its attacks on energy infrastructure and security forces. The ELN is one of several powerful narco-criminal operations that poses a threat to commercial activity and investment, especially in rural zones outside of government control. Despite improved security conditions, coca production is at the highest levels since the 1990s.

Corruption remains a significant challenge in Colombia. The World Economic Forum's Global Competitiveness Index (2018) ranked Colombia 60 out of 137 countries. The Colombian government continues to work on improving its business climate, but U.S. and other foreign investors have voiced complaints about non-tariff and bureaucratic barriers to trade and investment at the national, regional, and municipal levels.

Table 22: Key Metrics and Rankings

Measure	Year	Index/Rank	Website Address

TI Corruption Perceptions Index	2018	99 of 180	http://www.transparency.org/research/cpi/overview
World Bank's Doing Business Report	2019	65 of 190	http://www.doingbusiness.org/en/rankings
Global Innovation Index	2018	63 of 126	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country ($M USD, stock positions)	2017	USD 7,200	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2017	USD 5,890	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

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

ProColombia is the Colombian government entity that promotes international tourism, foreign investment, and non-traditional exports. ProColombia assists foreign companies that wish to enter the Colombian market by addressing specific needs, such as identifying contacts in the public and private sectors, organizing visit agendas, and accompanying companies during visits to Colombia. All services are free of charge and confidential. Business process outsourcing, software and IT services, cosmetics, health services, automotive manufacturing, textiles, graphic communications, and electric energy are priority sectors. ProColombia's "Invest in Colombia" web portal offers detailed information about opportunities in agribusiness, manufacturing, and services in Colombia (www.investincolombia.com.co/sectors).

Limits on Foreign Control and Right to Private Ownership and Establishment

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

According to the World Bank's Investing Across Sectors indicators, among the 14 countries in Latin America and the Caribbean covered, Colombia is one of the economies most open to foreign equity ownership. With the exception of TV broadcasting, all other sectors covered by the indicators are fully open to foreign capital participation. Foreign ownership in TV broadcasting companies is limited to 40 percent. Companies publishing newspapers can have up to 100 percent foreign capital investment; however, there is a requirement for the director or general manager to be a Colombian national.

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

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

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

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

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

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

Telecommunications: Barriers to entry in telecommunications services include high license fees (USD 150 million for a long distance license), commercial presence requirements, and economic needs tests. While Colombia allows 100 percent foreign ownership of telecommunication providers, it prohibits "callback" services.
Transportation: Foreign companies can only provide multimodal freight services within or from Colombian territory if they have a domiciled agent or representative legally responsible for its activities in Colombia. International cabotage companies can provide cabotage services (i.e. between two points within Colombia) "only when there is no national capacity to provide the service," according to Colombian law. Colombia prohibits foreign ownership of commercial ships licensed in Colombia and restricts foreign ownership in national airlines or shipping companies to 40 percent. FDI in the maritime sector is limited to 30 percent ownership of companies operating in the sector. The owners of a concession providing port services must be legally constituted in Colombia and only Colombian ships may provide port services within Colombian maritime jurisdiction; however, vessels with foreign flags may provide those services if there are no capable Colombian-flag vessels.

Other Investment Policy Reviews
In the past three years, the government has not undergone any third-party investment policy reviews (IPRs) through a multilateral organization such as the OECD, WTO, or UNCTAD.

Business Facilitation
New businesses must first register with the chamber of commerce of the city in which the company will reside. Applicants also register using the Colombian tax authority's portal at www.dian.gov.co. Apart from the registration with the chamber and the tax authority, companies must register a unified form to self-assess and pay social security and payroll contributions. The unified form can be submitted electronically to the Governmental Learning Service (Servicio Nacional de Aprendizaje, or SENA), the Colombian Family Institute (Instituto Colombiano de Bienestar Familiar, or ICBF), and the Family Compensation Fund (Caja de Compensación Familiar). After that, companies must register employees for public health coverage, affiliate the company to a public or private pension fund, affiliate the company and employees to an administrator of professional risks, and affiliate employees with a severance fund.

Colombia went down six spots from 59 to 65 in the World Bank's 2019 "Ease of Doing Business" index. According to the report, starting a company in Colombia requires eight procedures and takes an average of 11 days. Information on starting a company can be found at **www.ccb.org.co/en/Creating-a-company/Company-start-up/Step-by-step-company-creation**;**http://www.investincolombia.com.co/how-to invest.html#slider_alias_steps-to-establish-your-company-in-colombia**; and **www.dian.gov.co.**

Outward Investment
ProColombia, the government's FDI promotion agency, also promotes Colombian investment abroad. The "Colombia Invests" web portal (**http://www.colombiainvierte.com.co/**) offers detailed information for

opportunities in the priority sectors of agribusiness, manufacturing, and services for Colombian investors in a range of countries. ProColombia also offers a network of foreign contacts and plans commercial missions.

Bilateral Investment Agreements and Taxation Treaties

BITs or FTAs

Colombia has 13 free trade agreements or agreements of economic cooperation that include investment chapters with: the United States, the European Union, Canada, Chile, Costa Rica, Cuba, Mexico, South Korea, CAN (Andean Community of Nations – Peru, Ecuador, Bolivia), the Pacific Alliance (Colombia, Chile, Mexico and Peru), EFTA (European Free Trade Area –Switzerland, Liechtenstein, Norway and Iceland), Mercosur (Brazil, Uruguay, Paraguay, and Argentina), and Central America's Northern Triangle (El Salvador, Honduras, and Guatemala). Colombia has subscribed trade agreements with Panama and Israel, but they are not yet in effect. There are ongoing FTA negotiations with Japan and Turkey. Through the Pacific Alliance, Colombia is also participating in negotiations with Canada, Australia, New Zealand, and Singapore to extend "associate state" status to these countries. Additionally, Colombia has stand-alone bilateral investment treaties in force with China, India, Peru, Spain, Switzerland, the United Kingdom, and Japan.

Bilateral Taxation Treaties:

Colombia has double taxation treaties with Bolivia, Canada, Chile, the Czech Republic, Ecuador, France, India, Italy, Mexico, Peru, Portugal, South Korea, Spain, Switzerland, United Arab Emirates, and the United Kingdom. Colombia is currently negotiating double taxation agreements with Germany, Japan, the Netherlands, and Panama, and has expressed strong interest in renewing negotiations with the United States.

Legal Regime

Transparency of the Regulatory System

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

Enforcement mechanisms exist, but historically the judicial system has not taken an active role in adjudicating commercial cases. The Constitution establishes the principle of free competition as a national right for all citizens and provides the judiciary with administrative and financial independence from the executive branch. Colombia has transitioned to an oral accusatory system to make criminal investigations and trials more efficient. The new system separates the investigative functions assigned to the Office of the Attorney General from trial functions. Lack of coordination among government entities as well as insufficient resources complicate timely resolution of cases.

Colombia is a member of UNCTAD's international network of transparent investment procedures (see http://www.businessfacilitation.org/ and Colombia's website http://colombia.eregulations.org/). Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name, and contact details of the entities and people in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures.

International Regulatory Considerations

OECD countries agreed on May 25, 2018, to invite Colombia as the 37th member of the Organization. With Law 1950 of January 8, 2019, President Duque ratified the Colombian accession to the oOECD. Colombia's Constitutional Court must now review and uphold the law before accession is completed. Colombia is part of the World Trade Organization (WTO). The government generally notifies all draft technical regulations to the WTO Committee on Technical Barriers to Trade. In December 2017, the legislature ratified the WTO Trade Facilitation Agreement (TFA). The TFA is now also pending constitutional court review before Colombia can deposit its letter of acceptance with the WTO. Regionally, Colombia is a member of organizations such as the Inter-American Development Bank (IADB), the Andean Community of Nations (CAN), the Union of South American Nations (UNASUR), and the Pacific Alliance.

Legal System and Judicial Independence

Colombia has a comprehensive legal system. Colombia's judicial system defines the legal rights of commercial entities, reviews regulatory enforcement procedures, and adjudicates contract disputes in the business community. The judicial framework includes the Council of State, the Constitutional Court, the Supreme Court of Justice, and various departmental and district courts, which collectively are overseen administratively by the Superior Judicial Council. The 1991 constitution provided the judiciary with greater administrative and financial independence from the executive branch. Colombia has a commercial code and other laws covering broad areas, including banking and credit, bankruptcy/reorganization, business establishment/conduct, commercial contracts, credit, corporate organization, fiduciary obligations, insurance, industrial property, and real property law. Regulations and enforcement actions are appealable through the different stages of legal court processes in Colombia. The judicial system is generally regarded as competent, fair, and reliable, but it did suffer reputational damage in 2017 following the arrest of an official in the Attorney General's office on corruption charges, which led to the uncovering of a judicial influence-peddling scandal linked to the Supreme Court.

Laws and Regulations on Foreign Direct Investment

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

Competition and Anti-Trust Laws

The SIC, Colombia's national competition authority, has been strengthened over the last five years with the addition of personnel, including economists and lawyers. The SIC issued landmark anti-competitiveness fines in 2015, including against a sugar cartel. More recently the SIC has sanctioned a rice cartel, three of the biggest telecommunication companies in the region, and truck transport operators for anticompetitive practices. The SIC has imposed sanctions of over USD 400 million on approximately 400 individuals and companies in the last four years for unfair competition practices. In 2016, the SIC sanctioned cartels operating in the diaper, paper, and notebook sectors, imposing fines of over USD 150 million. The SIC also imposed sanctions in several sectors for violations of consumer rights including for misleading advertising and noncompliance with warranty agreements. These sanctions included the telecommunications, furniture and home appliances, tourism, technology, automotive, and construction sectors. In the last five years, the SIC has imposed fines of over USD 300 million for "business cartelization."

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

Dispute Settlement

ICSID Convention and New York Convention

Colombia is a member of the New York Convention on Investment Disputes, the International Center for the Settlement of Investment Disputes (ICSID), and the Multilateral Investment Guarantee Agency. Colombia is also party to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. In October 2012, the new National and International Arbitration Statute (Law 1563), modeled after the UNCITRAL Model Law, took effect.

Investor-State Dispute Settlement

Domestic law allows contracting parties to agree to submit disputes to international arbitration, provided that: the parties are domiciled in different countries; the place of arbitration agreed to by the parties is a country other than the one in which they are domiciled; the subject matter of the arbitration involves the interests of more than one country; and the dispute has a direct impact on international trade. The law permits parties to set their own arbitration terms, including location, procedures, and the nationality of rules and arbiters. Foreign investors have found the arbitration process in Colombia complex and dilatory, especially with regard to enforcing awards. However, some progress has been made in the number of qualified professionals and arbitrators with ample experience on transnational transactions, arbitrage centers with cutting-edge infrastructure and administrative capacity (there are approximately 340 arbitration and conciliation centers in Colombia), and courts that are progressively more accepting of arbitration processes. The Chamber of Commerce of Bogota handles 75 percent of arbitration cases in Colombia. All arbitration tribunals combined handle around 600 cases a year.
There were 12 pending investment disputes in Colombia in 2019. The pending cases include but are not limited to:

- A case initiated in 1994 involving a U.S. marine salvage company that claims rights to a shipwreck. The company sued the Colombian government for not allowing it access to its property in Colombian waters, a process that resulted in a Colombian Supreme Court decision in 2007, but has not yet been resolved.
- A case involving a U.S. plane allegedly abandoned in Colombian territory in 2010. The U.S. owner has been trying to claim his property since 2012. Colombian authorities maintain that the plane is now the property of the Colombian government according to national regulations on abandoned aircraft and have requested that U.S. authorities deregister the aircraft as it had become Colombia's property.
- A case involving an American citizen alleging lack of restitution for land seized by the government in the course of an investigation into a prior owner.
- A case involving a U.S. agro-industrial company that acquired state land in Colombia. The Colombian government asserts the land was acquired in violation of state lands law.
- A case, initiated in 2016 by a U.S. mining company, in which the company alleges the wrongful expropriation of a gold mining concession.

Separately, a Spanish energy company that is the majority owner of a Colombian utility company initiated arbitration proceedings before the United Nations Commission on International Trade Law (UNCITRAL) in March 2017 after the government ordered the liquidation of the electricity supplier. The company asserted that the move constituted expropriation without compensation, though the government cited mismanagement, an inability to

service its debts, and failure to provide reliable electricity to the northern coast of Colombia as justification for its actions. The Colombian government also has pending cases in the World Bank's International Centre for Settlement of Investment Disputes

(ICSID) (https://bit.ly/2D0OtLb).

According to the Doing Business 2019 report, the time from the moment a plaintiff files a lawsuit until actual payment and enforcement of the contract averages 1288 days, the same as in the previous two years. Traditionally, most court proceedings are carried out in writing and only the evidence-gathering stage is carried out through hearings, including witness depositions, site inspections, and cross-examinations. The government has accelerated proceedings and reduced the backlog of court cases by allowing more verbal public hearings and creating alternative court mechanisms. The new Code of General Procedure that entered into force in June 2014 also establishes oral proceedings that are carried out in two hearings, and there are now penalties for failure to reach a ruling in the time limit set by the law. Enforcement of an arbitral award can take between six months and one and a half years; a regular judicial process can take up to seven years for private parties and upwards of 15 years in conflicts with the State. Thus, arbitration results are cheaper and much more efficient. According to the Doing Business report, Colombia has made enforcing contracts easier by simplifying and speeding up the proceedings for commercial disputes. In 2019, Colombia's ranking in the enforcing contracts category of the report held at 177.

International Commercial Arbitration and Foreign Courts

Foreign judgments are recognized and enforced in Colombia once an application is submitted to the Civil Chamber of the Supreme Court. In 2012, Colombia approved the use of the arbitration process when new legislation based on the United Nations Commission on International Trade Law (UNCITRAL) Model Law was adopted. The statute stipulates that arbitral awards are governed by both domestic law as well as international conventions (New York Convention, Panama Convention, etc.). This has made the enforcement of arbitral awards easier for all parties involved. Arbitration in Colombia is completely independent from judiciary proceedings, and, once arbitration has begun, the only competent authority is the arbitration tribunal itself. The CTPA protects U.S. investments by requiring a transparent and binding international arbitration mechanism and allowing investor-state arbitration for breaches of investment agreements if certain parameters are met. The judicial system is notoriously slow, leading many foreign companies to include international arbitration clauses in their contracts.

Bankruptcy Regulations

Colombia's 1991 Constitution grants the government the authority to intervene directly in financial or economic affairs, and this authority provides solutions similar to U.S. Chapter 11 filings for companies facing liquidation or bankruptcy. Colombia's bankruptcy regulations have two major objectives: to regulate proceedings to ensure creditors' protection, and to monitor the efficient recovery and preservation of still-viable companies. This was revised in 2006 to allow creditors to request judicial liquidation, which replaces the previous forced auctioning option. Now, inventories are valued, creditors' rights are taken into account, and either a direct sale takes place within two months or all assets are assigned to creditors based on their share of the company's liabilities. The insolvency regime for companies was further revised in 2010 to make proceedings more flexible and allow debtors to enter into a long-term payment agreement with creditors, giving the company a chance to recover and continue operating. Bankruptcy is not criminalized in Colombia. In 2013, a bankruptcy law for individuals whose debts surpass 50 percent of their assets value entered into force.

Restructuring proceedings aim to protect the debtors from bankruptcy. Once reorganization has begun, creditors cannot use collection proceedings to collect on debts owed prior to the beginning of the reorganization proceedings. All existing creditors at the moment of the reorganization are recognized during the proceedings if

they present their credit. Foreign creditors, equity shareholders including foreign equity shareholders, and holders of other financial contracts, including foreign contract holders, are recognized during the proceeding. Established creditors are guaranteed a vote in the final decision. According to the Doing Business 2019 report Colombia is ranked 40th for resolving insolvency and it takes an average of 1.7 years—the same as OECD high-income countries—to resolve insolvency; the average time in Latin America is 2.9 years.

Industrial Policies

Investment Incentives

The Colombian government offers investment incentives, such as income tax exemptions and deductions in specific priority sectors, including the so-called "orange economy," which refers to the creative industries, as well as agriculture and entrepreneurship. More recently, the government has offered additional incentives in an effort to generate investments in former conflict municipalities. Investment incentives through free trade agreements between Colombia and other nations include national treatment and most favored nation treatment of investors; establishment of liability standards assumed by countries regarding the other nation's investors, including the minimum standard of treatment and establishment of rules for investor compensation from expropriation; establishment of rules for transfer of capital relating to investment; and specific tax treatment.

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

Special tax exemptions have existed since 2003 and range from 10 to 30 years. Income tax exemptions for investments in tourism cover new hotels constructed between 2003 and 2017, and remodeled and/or expanded hotels though 2017, for a period of 30 years. Investments in ecotourism services benefit from income tax exemptions through 2023. New forestry plantations and sawmills also have benefitted from income tax exemptions since 2003. Late yield crops planted through 2014 are tax exempt for 10 years from the beginning of the harvesting. Electricity from wind power, biomass, and agricultural waste were tax exempt until January 1, 2018, as were river-based transportation services provided with certain shallow draft vessels and barges. Certain printing and publishing companies can benefit from tax exemptions through 2033. Software developed in Colombia has been tax exempt for up to five years since 2013. To meet exemption requirements, the software must have its intellectual property rights protected, be based upon a high concentration of national scientific and technological research, and be certified by Colciencias (Colombia's agency for promoting science, technology, and innovation).

Foreign investors can participate without discrimination in government-subsidized research programs, and most Colombian government research has been conducted with foreign institutions. R&D incentives include Value-Added Tax (VAT) exemptions for imported equipment or materials used in scientific, technology, or innovation projects, and qualified investments may receive tax credits up to 175 percent. A 2012 reform of Colombia's royalty system allocates 10 percent of the government's revenue to science, technology, and innovation proposals executed by subnational governments. Although only subnational governments can submit a project, anyone, including foreigners, can partner with them.

In a tax reform passed in December 2016, the Colombian government created two tax incentives to support investment in the 344 municipalities most affected by the armed conflict (ZOMAC). Small and microbusinesses

that invest in ZOMACs and meet a series of other criteria will be exempt from paying any taxes from 2017 to 2021, while medium and large-sized businesses will pay 50 percent of their normal taxes. The second component is entitled "works for taxes" ("Obras por Impuestos"), a program through which the private sector can directly fund infrastructure investment in lieu of paying taxes.
In the financing law of 2019 (tax reform), the Colombian government introduced exemption incentives in the payment of income tax for the new orange economy companies that invest more than COP 150 million in three years and that generate at least three jobs. In addition, it created incentives for new projects in the agricultural sector which will be exempt from income taxes for seven years. Finally, the law created an incentive for the tourism sector for the construction of new hotel infrastructure, and the benefits were extended to projects such as boat docks, theme parks, and eco and agro-tourism projects.

Foreign Trade Zones/Free Ports/Trade Facilitation
To attract foreign investment and promote the importation of capital goods, the Colombian government uses a number of drawback and duty deferral programs. One example is free trade zones (FTZs). As of the end of 2018, there were 112 FTZs (including permanent, single company, and special types). These have generated development of new industry infrastructure for more than 840 companies in 63 municipalities and 19 geographic departments. While DIAN oversees requests to establish FTZs, the Colombian government is not involved in their operations.

Decree 2147 of 2016 integrated the regulatory framework for FTZs dating back to 2007 in one document, and made clarifications to certain processes without significant changes. The government revised tax treatment of companies operating FTZs with the December 2016 tax reform, maintaining a preferential corporate income tax for FTZs while increasing it from 15 to 20 percent. FTZ users with contracts of legal stability will continue to pay 15 percent. Other changes include VAT exemption for raw materials, inputs, and finished goods sold from the national customs territory to the FTZs, as long as those purchases are directly related to the corporate purpose. By contrast, no matter the purpose of the purchase, companies not located in the FTZs are affected by VAT. The 2016 tax reform increased VAT from 16 to 19 percent, and eliminated the Income Tax for Equality (CREE), a nine percent tax on company profits over COP 800 million (approximately USD 275,000) designed to contribute to employment generation and social investments.

In return for these and other incentives, every permanent FTZ must meet specific investment and direct job creation commitments, depending on their total assets, during the first three years. Special FTZs are required to generate a certain number of direct jobs depending on the economic sector. According to the figures of the Colombian National Administrative Department of Statistics (DANE), FTZs reached cumulative exports valuing USD 28,346 million between 2005 and 2018. Between January and December of 2018, exports amounted to USD 2,812 million.

Performance and Data Localization Requirements
Performance requirements are not imposed on foreigners as a condition for establishing, maintaining, or expanding investments. The Colombian government does not have performance requirements, impose local employment requirements, or require excessively difficult visa, residency, or work permit requirements for investors. Under the CTPA, Colombia grants substantial market access across its entire services sector.

In 2017, Colombia issued implementing regulations of its Data Protection Law 1581 of 2012. The SIC, under the Deputy Office for Personal Data Protection, is the Data Protection Authority (DPA) and has the legal mandate to ensure proper data protection. The SIC issued a circular on August 10, 2017 defining adequate data protection and responsibilities of data controllers with respect to international data transfers. The circular details several general criteria reflecting the SIC's view of adequate data protection and also provides a list of countries, which includes the United States, that meet the SIC's data protection guidelines.

In Colombia, software and hardware are protected by IPR (Dirección Nacional de Derecho de Autor – DNDA – http://www.derechodeautor.gov.co/). There is no obligation to submit source code for registered software. However, if the IT provider is contracting with the Colombian government, through a clause of the service contract, the source code must be provided to the entity that the government IT provider is contracting. The SIC launched a national database registry in November 2015 to implement Law 1581 pertaining to personal information protection and management. It requires data storage facilities that hold personal data to comply with government requirements for security and privacy, and data storage companies have one year to register. The SIC enforces the rules on local data storage within the country through audits/investigations and imposed sanctions.

Protection of Property Rights

Real Property

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

Secured interests in real property, and to a lesser degree movable property, are recognized and generally enforced after the property is properly registered. In terms of protecting third-party purchasers, existing law is inadequate. The concepts of a mortgage, trust, deed, and other types of liens exists, as does a reliable system of recording such secured interests. Deeds, however, present some legal risk due to the prevalence of transactions that have never been registered with the Public Instruments Registry.

According to Amnesty International, as of November 2015, eight million hectares of land had been abandoned or acquired illegally, equivalent to 14 percent of the Colombian territory. The government estimates that approximately 6.5 million hectares of land are affected by violent usurpation. Around 18 percent of land owners do not have clear title. The Colombian government is working to title these plots and has started a formalization program for land restitution.

In the seven years that the Law on Victims and Land Restitution has been in force (2011-2018), the government has received nearly 112,000 restitution claims, corresponding to 99,155 properties and approximately 290,000 hectares. Of these, the "Land Restitution Unit" (URT) created by the 2011 law has studied 58,291 cases and has transferred 14,851 cases for review by a restitution judge. As of March 2018, there have been 6,986 cases resolved by these judges, covering 5,598 properties. With the entry into force of the 2016 peace deal with the FARC, the government is confident restitution efforts will be more effective as former violent areas become more accessible, although security in some of those areas remains a challenge. While some landowners who received their formal land titles have been threatened by illegal armed groups, the government confirms that the vast majority of land restitution beneficiaries have returned and stayed on their parcels, accessing a two-year subsidy for the implementation of productive projects provided by the URT.
The URT's work is complementary to the work of the National Land Agency, which deals with property titles for lower income and minority communities. The Agency was created at the end of 2015 to implement many of the commitments established in the peace deal with the FARC on formalization of rural land and aimed to formalize the property of 50,000 Colombian families in 2017. Thanks to the implementation of a massive strategy to formalize rural property, the agency formalized the properties of 71,000 rural families by the end of 2017.
In March 2017, the Colombia's Prosecutor's Office announced the recovery of 277,000 hectares of land from dissidents and ex-combatants of the FARC and from narcotraffickers. Colombia ranked 59 out of 190 economies for ease of registering property, according to the 2019 Doing Business report.

Intellectual Property Rights

In Colombia, the granting, registration, and administration of IPR are carried out by four primary government entities. The SIC acts as the Colombian patent and trademark office. The Colombian Agricultural Institute (ICA) is in charge of issuing plant variety protections and data protections for agricultural products. The Ministry of Interior administers copyrights through the National Copyright Directorate (DNDA). The Ministry of Health and Social Protection handles data protection for products registered through the National Food and Drug Institute (INVIMA). Colombia is subject to Andean Community Decision 486 on trade secret protection, which is fully implemented domestically by the Unfair Competition Law of 1996.

Colombia made no significant changes to the distribution of responsibilities for IPR protection in 2018. Decree 1162 of 2010 created the National Intellectual Property Administrative System and the Intersectoral Intellectual Property Commission (CIPI). The CIPI serves at the interagency technical body for IPR issues, but has not issued any recent policy documents. The last comprehensive interagency policy for IPR issues (Conpes 3533) was issued by the National Planning Department in 2008. Colombia's National Development Plan (NDP) for 2018-2022 contains a requirement to update this policy.

The patent regime in Colombia currently provides for a 20-year protection period for patents, a 10-year term for industrial designs, and 20- or 15-year protection for new plant varieties, depending on the species. Colombia has been on the U.S. Trade Representative's Special 301 Watch List every year since 1991, and in 2018 was downgraded to "Priority Watch List" status. Special 301 reports can be found at https://ustr.gov/issue-areas/intellectual-property/Special-301.

The CTPA improved standards for the protection and enforcement of a broad range of IPR. Such improvements include state-of-the-art protections for digital products such as software, music, text, and videos; stronger protection for U.S. patents, trademarks, and test data; and prevention of piracy and counterfeiting by criminalizing end-use piracy. Colombia is a member of the Inter-American Convention for Trademark and Commercial Protection. Various procedures associated with industrial property, patent, and trademark registration are available at http://www.sic.gov.co/propiedad-Industrial

Colombia has outstanding CTPA commitments related to IPR. In January 2013, the constitutional court declared Law 1520 of 2012 implementing several of these requirements (specifically related to copyright law and internet service provider liability) unconstitutional on procedural grounds. In the case of copyright law reform, the Santos administration then introduced the legislation to congress in October 2017; it was subsequently enacted in July 2018. The bill extends the term of copyright protection, imposes civil liability for circumvention of technological protection measures, and strengthens enforcement of copyright and related rights.

Regarding other CTPA requirements, Colombian officials are discussing with the United States a draft of legislation regulating internet service providers on issues such as compulsory takedown of online content and the protection of intermediaries with "safe harbor" provisions for unintentional copyright infringement. The legislation has not yet been introduced to congress. Colombia did not make progress in 2018 on an international agreement that it needs to sign in order to comply with CTPA provisions: the International Union for the Protection of New Varieties of Plants (UPOV 91). Colombia's constitutional court declared accession to UPOV 91 unconstitutional in December 2012 due to lack of consultation with Afro-Colombian and indigenous communities. Colombia also maintains that the existing Andean Community Decision 345 is in effect and equivalent to UPOV 91.
Colombia's success combating counterfeiting and IPR violations remains limited. A 2015 law increased penalties for those involved in running contraband, but more effective implementation is needed. Colombian law continues to limit the ability of law enforcement (police, customs, and prosecutors) to effectively combat counterfeiting because they do not have the requisite authorities to effectively inspect, seize, and investigate smugglers and counterfeiters. Colombian authorities did make a number of high-profile seizures of contraband (including

counterfeit) goods in 2018. However, counterfeit goods remain widely available in Colombia's "San Andresitos" markets, as a number of industry stakeholders have noted. Enforcement in the digital space remains weak as well.

Resources for Rights Holders

Embassy point of contact:
U.S. Embassy Bogota
Economic Section
Carrera 45 #22B-45
Bogota, Colombia
(571) 275-2000
Email: BogotaECONShared@state.gov

Country/Economy resources:

- American Chamber of Commerce in Colombia: http://www.amchamcolombia.com.co/
- Council of American Companies in Colombia: http://www.ceacolombia.com/es/
- Local attorneys list: https://co.usembassy.gov/u-s-citizen-services/attorneys/
- For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Financial Sector

Capital Markets and Portfolio Investment

The Colombian Stock Exchange (BVC) is the main forum for trading and securities transactions in Colombia. The BVC is a private company listed on the stock market. The BVC, as a multi-product and multi-market exchange, offers trading platforms for the stock market, along with fixed income and standard derivatives. The BVC also provides listing services for issuers. The BVC is part of the Latin American Integrated Market (MILA) along with the Mexican Stock Exchange, the Lima Stock Exchange, and the Santiago Stock Exchange. BVC market capitalization has risen from USD 14 billion in 2003 to USD 126 billion in the first quarter of 2019. In the face of a lame-duck government and inflexible spending commitments, Standard & Poor's downgraded Colombia's credit rating to BBB- in December 2017. Moody's maintained their lowest investment-grade evaluation but modified the outlook from "stable" to "negative" in February 2018. Foreign investors can participate in capital markets by negotiating and acquiring shares, bonds, and other securities listed by the Foreign Investment Statute. These activities must be conducted by a local administrator, such as trust companies or Financial Superintendence-authorized stock brokerage firms. Foreign investment capital funds are forbidden from acquiring more than 10 percent of the total amount of a Colombian company's outstanding shares. Foreigners can establish a bank account in Colombia as long as they have a valid visa and Colombian government identification.

The market has sufficient liquidity for investors to enter and exit sizeable positions. The central bank respects IMF Article VIII and does not restrict payments and transfers for current international transactions. The financial sector in Colombia offers credit to nationals and foreigners that comply with the requisite legal requirements.

Money and Banking System

In 2005, Colombia consolidated supervision of all aspects of the banking, financial, securities, and insurance sectors under the Financial Superintendence. Colombia has an effective regulatory system that encourages portfolio investment. According to the Financial Superintendence, as of December 2018, the combined estimated assets of Colombia's major banks totaled USD 219 billion.

Colombia's financial system is strong by regional standards. The financial sector as a whole is investing in new risk assessment and portfolio management procedures. As of December 2018, two private financial groups, the Sarmiento Group (Grupo Aval) and the Business Group of Antioquia (Bancolombia), together own over half of all Colombian banking assets. Grupo Aval controls about 27 percent of the sector and Bancolombia controls about 26 percent. No foreign bank is a major player in the Colombian financial sector.

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

Colombia's central bank is charged with managing inflation and unemployment through monetary policy. Foreign banks are allowed to establish operations in the country. No block chain technology use in financial transactions is approved by the Financial Superintendence as of the end of 2018. In order to operate in Colombia, foreign banks must set up a Colombian branch. The Colombian central bank has a variety of correspondent banks abroad. No correspondent banking relationships are in jeopardy.

Foreign Exchange and Remittances

Foreign Exchange

There are no restrictions on transferring funds associated with FDI. Foreign investment into Colombia must be registered with the central bank in order to secure the right to repatriate capital and profits. Direct and portfolio investments are considered registered when the exchange declaration for operations channeled through the official exchange market is presented, with few exceptions. The official exchange rate is determined by the central bank. The rate is based on the free market flow of the previous day. Colombia does not manipulate its currency to gain competitive advantages.

Remittance Policies

The government permits full remittance of all net profits regardless of the type or amount of investment. Foreign investments must be channeled through the foreign exchange market and registered with the central bank's foreign exchange office within one year in order for those investments to be repatriated or reinvested. There are no restrictions on the repatriation of revenues generated from the sale or closure of a business, reduction of investment, or transfer of a portfolio. Colombian law authorizes the government to restrict remittances in the event that international reserves fall below three months' worth of imports. International reserves have remained well above this threshold for decades.

Sovereign Wealth Funds

In 2012, Colombia began operating a sovereign wealth fund called the Savings and Stabilization Fund (FAE), which is administered by the central bank with the objective of promoting savings and economic stability in the country. The fund can administer up to 30 percent of annual royalties from the extractives industry. The fund was valued at USD 3.1 billion in 2018 from an initial value of USD 500 million in 2012. The government transfers royalties not dedicated to the fund to other internal funds to boost national economic productivity through strategic projects, technological investments, and innovation. At the end of 2018, the FAE was invested in 67 percent AAA sovereign bonds. There are no known negative ramifications for U.S. investors in the Colombian market. According to the International Forum of Sovereign Wealth Funds (http://www.ifswf.org/our-members), Colombia is not one of the 30 nations that voluntarily upholds the Santiago Principles.

State-Owned Enterprises

Since 2015, the Government of Colombia has concentrated its industrial and commercial enterprises under the supervision of the Ministry of Finance. By the end of 2018, the number of state-owned companies reached 109, with a combined value of USD 23 billion. The 109 companies under government ownership fall under the following sectors: agricultural, energy, financial, hydrocarbons, health, telecommunications, transport, and tourism. The government is the majority shareholder of 39 companies and a minority shareholder in the remaining 70. Among the most notable companies with a government stake are Ecopetrol (Colombia's majority state-owned and privately-run oil company), ISA, Banco Agrario de Colombia, Bancoldex, and La Previsora. The asset value of the majority state-owned companies stands at USD 84 billion. SOEs competing in the Colombian market do not receive non-market based advantages from the government. The Ministry of Finance updates their annual report on SOEs every June.

Privatization Program

Colombia has privatized state-owned enterprises under article 60 of the Constitution and Law Number 226 of 1995. This law stipulates that the sale of government holdings in an enterprise should be offered to two groups: first to cooperatives and workers' associations of the enterprise, then to the general public. During the first phase, special terms and credits have to be granted, and in the second phase, foreign investors may participate along with the general public. Colombia's main privatizations have been in the electricity, mining, hydrocarbons, and financial sectors, and in January 2016, the government sold its majority stake in Isagen, the country's third-largest energy generator, to Canadian firm Brookfield Asset Management for USD 2 billion. The government views stimulating private-sector investment in roads, ports, electricity, and gas infrastructure as a high priority. The government is increasingly turning to concessions and utilizing public-private partnerships (PPPs) as a means for securing and incentivizing infrastructure development.

The Colombian government prioritized a fourth-generation infrastructure program (4G) focused on highway construction with PPP opportunities valued at USD 17 billion. In order to attract investment and promote PPPs, on November 22, 2013, the Colombian government signed a new infrastructure law clarifying provisions for frequently-cited obstacles to participate in PPPs, including environmental licensing, land acquisition, and the displacement of public utilities. The law puts in place a civil procedure that facilitates land expropriation during court cases, allows for expedited environmental licensing, and clarifies that the cost to move or replace public utilities affected by infrastructure projects falls to private companies. Foreign investment has played a substantial role in the 4G program, and the program, with the exception of the Odebrecht scandal mentioned below, has thus far been praised for its transparency and competitiveness.

Municipal enterprises operate many public utilities and infrastructure services. These municipal enterprises have engaged private sector investment through concessions. There are several successful concessions involving roads. These kinds of partnerships have helped promote reforms and create a more attractive environment for private, national, and foreign investment.

Responsible Business Conduct

In December 2015, the Colombian government released their National Action Plan on Business and Human Rights, which responds to the UN Guiding Principles on Business and Human Rights and the OECD's Guidelines for Multinational Enterprises (**https://www.business-humanrights.org/en/un-guiding-principles/implementation-tools-examples/implementation-by-governments/by-type-of-initiative/national-action-plans**). Colombia also adheres to the corporate social responsibility (CSR) principles outlined in the OECD Guidelines for Multinational Enterprises. CSR cuts across many industries and Colombia encourages public and private enterprises to follow OECD CSR guidelines. Beneficiaries of CSR programs include

students, children, populations vulnerable to Colombia's armed conflict, victims of violence, and the environment. Larger companies structure their CSR programs in accordance with accepted international CSR principles. Companies in Colombia have been recognized on an international level for their CSR initiatives, including by the State Department.

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

In parallel with its OECD accession process, the Colombian government has been working with the organization in a series of assessments in order to develop the implementation the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Afflicted and High-Risk Areas, especially related to gold mining. The Colombian government faces challenges in formalizing illegal gold mining operations throughout the country. The government is also taking steps to address mercury use in mining, banning the use of mercury in mining as of July 2018. Colombia will phase out mercury use from all other industries by 2023. Colombia ratified the Minamata Convention on Mercury in March 2018, and is in the final stages of its accession to the treaty. In March 2018, the Governments of the United States and Colombia signed a comprehensive memorandum of understanding to formalize existing cooperation on reducing illegal gold mining and its negative social, health, and environmental impacts.

Buyers, sellers, traders, and refiners of gold may wish to conduct additional due diligence as part of their risk management regimes to account for the influx of illegally-mined Colombian gold into existing supply chains. Throughout the country, Colombian authorities have taken steps to dismantle illegal gold mining operations that are responsible for negative environmental, criminal, and human health impacts. The Colombian government has focused its efforts on transnational criminal elements involved in the production, laundering, and sale of illegally-mined gold, and the fraudulent documentation that is used to obscure the origin of illegally- mined gold.

Corruption

Corruption has been reported as a serious obstacle for companies operating or planning to invest in Colombia. Analyses of the business environment, such as the WEF Global Competitiveness Index, consistently cite corruption as a problematic factor, along with high tax rates, inadequate infrastructure, and inefficient government bureaucracy. Transparency International's latest "Corruption Perceptions Index" released in January 2019 assigned Colombia a score of 36/100, down one point from 2018. The group's analysis noted that corruption in the judiciary contributed to the drop. Overall, Colombia placed 99th of the 180 countries surveyed, a drop of three spots. Among OECD member states, only Mexico ranked lower. Customs, taxation, and public works contracts are commonly-cited areas where corruption exists.

In December 2016, one of the biggest corporate corruption cases in history broke when the U.S. Department of Justice announced that Brazil-based construction conglomerate Odebrecht had paid USD 800 million in bribes over six years regionally, including USD 11 million in Colombia, in order to win infrastructure contracts. The latter figure was subsequently increased to USD 37 million. Two high-priority infrastructure projects are on hold as a result of the corruption revelations, though other highway modernization projects critical to implementation of the peace accord continue. At least 23 Colombian officials have been implicated in the scandal. The judicial influence–peddling scandal mentioned above, commonly known as the "Cartel of the Robe," and numerous other reports of official corruption made public over the past year have kept the subject in the public discourse.

Colombia has adopted the OECD Convention on Combating Bribery of Foreign Public Officials and is a member of the OECD Anti-Bribery Committee. It also passed a domestic anti-bribery law in 2016. It has signed and ratified the UN Anticorruption Convention. Additionally, it has adopted the OAS Convention against Corruption. The CTPA protects the integrity of procurement practices and criminalizes both offering and soliciting bribes to/from public officials. It requires both countries to make all laws, regulations, and procedures regarding any matter under the CTPA publicly available. Both countries must also establish procedures for reviews and appeals by any entities affected by actions, rulings, measures, or procedures under the CTPA.

Resources to Report Corruption

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

- The Transparency and Anti-Corruption Observatory is an interactive tool of the Colombian government aimed at promoting transparency and combating corruption available at http://www.anticorrupcion.gov.co/.
- The National Civil Commission for Fighting Corruption, or Comisión Nacional Ciudadana para la Lucha Contra la Corrupción (CNCLCC), was established by Law 1474 of 2011 to give civil society a forum to discuss and propose policies and actions to fight corruption in the country. Transparencia por Colombia is the technical secretariat of the commission. http://ciudadanoscontralacorrupcion.org/es/inicio
- The national chapter of Transparency International, Transparencia por Colombia: **http://transparenciacolombia.org.co/**
- The Presidential Secretariat of Transparency advises and assists the president to formulate and design public policy about transparency and anti-corruption. This office also coordinates the implementation of anti-corruption policies. **http://wsp.presidencia.gov.co/secretaria-transparencia/Paginas/default.aspx/**.

Political and Security Environment

Security in Colombia has improved significantly over the past 17 years. Colombia experienced a significant decrease in terrorist activity, due in large part to a bilateral ceasefire between government forces and Colombia's largest terrorist organization, the FARC. On November 26, 2016, President Santos signed a peace agreement with the FARC to end half a century of confrontation. Congressional approval of a peace accord between the government and the FARC on November 30, 2016 put in motion a six-month disarmament, demobilization, and reintegration process, which granted the FARC status as a legal political organization. FARC demobilization could bring greater development opportunities to rural regions. Since the November 2016 peace accord with the FARC, 7,000 guerrillas have disarmed (over 11,000 are participating in the process, including militia and former prisoners); key implementing legislation has passed; and a UN special political mission has begun verifying security guarantees and FARC reintegration. Security forces estimate roughly 1,000 combatants (FARC dissidents) have chosen not to participate in the process. Currently the peace negotiations with the National Liberation Army (ELN), which began in February 2017, are suspended. This terrorist group continues a low-cost, high-impact asymmetric insurgency. ELN attacks, alongside powerful narco-criminal group operations, are posing a threat to commercial activity and investment, especially in some rural zones where government control is weak. The ELN often focuses attacks on oil pipelines, mines, roads, and electricity towers to disrupt economic activity and pressure the government. The ELN also extorts businesses in their areas of operation, kidnaps personnel, and destroys property of entities that refuse to pay for protection. The Colombian government estimates the ELN has 1,500 to 2,000 armed members.

Labor Policies and Practices

An OECD report on Colombia's labor market and social policies was published in January 2016. The report mentions progress on labor market reforms, but cites large income inequality and structural flaws in labor market policies, despite relatively low unemployment and high labor force participation. In 2018, the unemployment rate according to official government figures was 9.7 percent, a slight increase relative to the 2017 rate of 9.4 percent. According to

DANE, 48.2 percent of the workforce was working in the informal economy at the end of 2018. Colombia has a wide range of skills in its workforce, as well as managerial-level employees who are often bilingual.

Labor rights in Colombia are set forth in its Constitution, the Labor Code, the Procedural Code of Labor and Social Security, sector-specific legislation, and ratified international conventions, which are incorporated into national legislation. Colombia's Constitution guarantees freedom of association and provides for collective bargaining and the right to strike (with some exceptions). It also addresses forced labor, child labor, trafficking, discrimination, protections for women and children in the workplace, minimum wages, working hours, skills training, and social security. Colombia has ratified all eight of the International Labor Organization's (ILO's) fundamental labor conventions, and all are in force, including those related to freedom of association, equal remuneration, right to organize and collectively bargain, discrimination, minimum working age, forced labor, and prohibition of the worst forms of child labor. Colombia has also ratified conventions related to hours of work, occupational health and safety, and minimum wage. In 2013, Law 1636 was passed to increase protections and opportunities for Colombia's unemployed population.

The 1991 Constitution protects the right to constitute labor unions. Pursuant to Colombia's labor law, any group of 25 or more workers, regardless of whether they are employees of the same company or not, may form a labor union. Employees of companies with fewer than 25 employees may affiliate themselves with other labor unions. About four percent of the country's labor force is unionized. The largest and most influential unions are composed mostly of public-sector employees, particularly of the majority state-owned oil company and the state-run education sector. Only 6.2 percent of all salaried workers are covered by collective bargaining agreements (CBAs), according to the OECD. The Ministry of Labor has expressed commitment to working on decrees to incentivize sectoral collective bargaining, and to strengthen union representation within companies and regulate strikes in the essential public services sector (i.e. hospitals).

Strikes, when held in accordance with the law, are recognized as legal instruments to obtain better working conditions, and employers are prohibited from using strike-breakers at any time during the course of a strike. After 60 days of strike action, the parties are subject to compulsory arbitration. Strikes are prohibited in certain "essential public services," as defined by law, although Colombia has been criticized for having an overly-broad interpretation of "essential."

Foreign companies operating in Colombia must follow the same hiring rules as national companies, regardless of the origin of the employer and the place of execution of the contract. No labor laws are waived in order to attract or retain investment. In 2010, Law 1429 eliminated the mandatory proportion requirement for foreign and national personnel; 100 percent of the workforce, including the board of directors, can be foreign nationals. Labor permits are not required in Colombia, except for minors of the minimum working age. Foreign employees have the same rights as Colombian employees. Employers may use temporary service agencies to subcontract additional workers for peaks of production. Employers must receive advance permission from the Ministry of Labor before undertaking permanent layoffs. The Ministry of Labor typically does not grant permission to lay off workers who have enhanced legal protections (those with work-related injuries or union leaders, for example). The Ministry of Labor has been cracking down on using temporary or contract workers for jobs that are not temporary in nature.

Reputational risks to investors come with a lack of effective and systematic enforcement of labor law, especially in rural sectors. Homicides of unionists (social leaders) remain a concern. In January 2017, the U.S. Department of Labor issued a public report of review in response to a submission filed under Chapter 17 (the Labor Chapter) of the CTPA by the American Federation of Labor and Congress of Industrial Organizations and five Colombian workers' organizations that alleged failures on the part of the government to protect labor rights in line with CTPA commitments. In January 2018, the Department of Labor published the first periodic review of progress to address

issues identified in the submission report. For additional information on labor law enforcement see Section 7 of Colombia's Human Rights Report (**https://www.state.gov/reports-bureau-of-democracy-human-rights-and-labor/country-reports-on-human-rights-practices/**), and the Department of Labor's Findings on the Worst Forms of Child Labor (**http://www.dol.gov/ilab/reports/child-labor/colombia.htm**) and Lists of Goods Produced with Child or Forced Labor (**http://www.dol.gov/ilab/reports/child-labor/list-of-goods/**).

OPIC and Other Investment Insurance Programs

OPIC made its first investment in Colombia in 1985 and has supported more than 70 projects in Colombia since 2005. OPIC has seven active projects and is exploring several more. OPIC's largest project in Colombia is a USD 250 million toll road project in the southern part of Colombia known as the Rumichaca-Pasto road. As of end 2018, OPIC's active investments in Colombia totaled USD 718 million. Additional information can be found at **www.opic.gov**.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 23: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		**USG or international statistical source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	N/A	N/a	2018	$336.940	https://www.imf.org
Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	2018	$2.482	2017	-$66	BEA data available at https://www.bea.gov/international/direct-investment-and-multinational-enterprises-comprehensive-data
Host country's FDI in the United States ($M USD, stock positions)	2018	$516	N/A	N/A	BEA data available at https://www.bea.gov/international/direct-investment-and-multinational-enterprises-comprehensive-data

Total inbound stock of FDI as % host GDP	2018	3.3%	2017	18.8%	UNCTAD data available at https://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Country-Fact-Sheets.aspx

Table 23: Data from the Colombian Statistics Departments, DANE, (https://www.dane.gov.co/) and the Colombian central bank (http://www.banrep.gov.co).

Table 24: Sources and Destination of FDI – 2018

Direct Investment from/in Counterpart Economy Data 2018

From Top Five Sources/To Top Five Destinations *(US Dollars, Millions) 2018*

Inward Direct Investment			**Outward Direct Investment**		
Total Inward	11,010	100%	Total Outward	5,121	100%
United States	2,482.6	23%	Mexico	880.5	17%
Spain	1,445.2	13%	Holland	681.0	13%
England	1,351.7	12%	Panama	557.1	11%
Panama	1,149.4	10%	United States	516.7	10%
Switzerland	891.6	8%	Chile	457.4	9%

"0" reflects amounts rounded to +/- USD 500,000.

Table 24: Data from the Colombian central bank (http://www.banrep.gov.co).

Table 25: Sources of Portfolio Investment

Portfolio Investment Assets

Top Five Partners (Millions, US Dollars) (June 2017)

Total			**Equity Securities**			**Total Debt Securities**		
All Countries	38,963	100%	All Countries	24,228	100%	All Countries	14,735	100%
United States	25,654	66%	United States	17,699	73%	United States	7,955	54%
Luxembourg	4,649	12%	Luxembourg	4,573	19%	Mexico	1,025	7%
Mexico	1,040	3%	Ireland	650	3%	International Organizations	994	7%
International Organizations	1,006	3%	United Kingdom	302	1%	Canada	715	5%
Canada	783	2%	Cayman Islands	237	1%	France	711	5%

Table 25: Data from IMF's Coordinated Direct Investment Survey. Source: http://data.imf.org/?sk=B981B4E3-4E58-467E-9B90-9DE0C3367363&sId=1481568994271

Contact for More Information

U.S. Embassy Bogota
Economic Section
Carrera 45 #22B-45
Bogota, Colombia
(571) 275-2000
Email: **BogotaECONShared@state.gov**

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 www.Export.gov/TradeFinanceGuide

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

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

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.

Financing Web Resources

Colombian Banking Association

Colombian Ministry for Foreign Affairs

Colombian National Tax and Customs Directorate (DIAN)

Commercial Liaison Office to the Inter-American Development Bank

Commercial Liaison Office to the World Bank

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

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 Commercial Liaison Offices to the Inter-American Development Bank and the World Bank.

Web Resources

Commercial Liaison Office to the Inter-American Development Bank

Commercial Liaison Office to the World Bank

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 26: Colombia 2019 Holidays

Date	Day of the Week	Holiday
January 1	Tuesday	New Year's Day
January 7	Monday	Epiphany
January 21	Monday	Martin Luther King Day (U.S.)
February 18	Monday	President's Day (U.S.)
March 25	Monday	St. Joseph's Day
April 18	Thursday	Holy Thursday
April 19	Friday	Good Friday
May 1	Wednesday	Labor Day (Colombia)
May 27	Monday	Memorial Day
June 3	Monday	Corpus Christi
June 24	Monday	Feast of the Sacred Heart
July 1	Monday	Feast of Saints Peter and Paul
July 4	Thursday	Independence Day (U.S.)
July 20	Saturday	Independence Day (Colombia)
August 7	Wednesday	Battle of Boyacá Day
August 19	Monday	Assumption Day
September 2	Monday	Labor Day (U.S.)
October 14	Monday	Columbus Day
November 4	Monday	All Saints' Day
November 11	Monday	Veterans Day
November 28	Thursday	Thanksgiving Day (U.S.)
December 25	Wednesday	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