ELANBiz InfoCard: COLOMBIA Country Profile

Update as of July 12, 2019

Basic data

Official name: Republic of Colombia
Official language: Spanish
Currency: Colombian peso
Surface: 1,141,748 km²
Population: 45.5 million inhabitants¹
Capital: Bogotá D.C.
Main cities: Bogotá D.C., Medellín, Cali, Barranquilla, Bucaramanga.

Economic indicators

GDP: 314,458 billion USD²
GDP per capita as of 2017: US$6,409³
Central government debt / GDP: 43%⁴
Foreign direct investment: USD 8,679 billion ⁵
Imports: USD 44.957 billion FOB
Exports: USD 38.440 billion FOB⁶

World Bank’s “Doing Business” Ranking: 34

<table>
<thead>
<tr>
<th>Annual GDP Growth Rate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4.3%</td>
</tr>
<tr>
<td>2015</td>
<td>3.8%</td>
</tr>
<tr>
<td>2016</td>
<td>1.0%</td>
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<tr>
<td>2017</td>
<td>1.7%</td>
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<tr>
<td>2018</td>
<td>2.7%</td>
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<tr>
<td>Projection 2019</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

¹ www.dane.gov.co
² https://datos.bancomundial.org/indicador/ny.gdp.mktp.cd
³ https://datos.bancomundial.org/indicador/NY.GDP.PCAP.CD?locations=CO
⁵ http://www.mincit.gov.co/CMSPages/GetFile.aspx?guid=3efacf5e-1c1c-4e6e-9217-08eab99cb50a
Economic profile

Colombia is the 55th largest export economy in the world and the 53rd most complex economy according to the Economic Complexity Index (ECI).

The economy in Colombia grew steadily during 2018 (2.7% in 2018 according to DANE figures) due to the increase in oil exports and the constant investment in infrastructure, which presents a positive perspective in the short and medium term. Despite this, there are still difficulties in passing key laws, which could hinder the efforts made in order to close the fiscal gap in the coming years.

In terms of GDP figures, they forecast a growth of 3.3% for the current year. Regarding imports to the country, the GDP forecasts an increase of 5%. In terms of foreign direct investment, the possibility of growing 2.8% has increased, which, contrasted with the
percentage of the previous year (1.8%). This implies an advance in terms of foreign trade in the country (Figures May, 2019 Corficolombiana). This growth in exports is mainly due to the increase in revenues from fuels and products from extraction industries, which represents approximately 59% of total export earnings.

On the other hand, the implementation of the Peace Agreement in 2016 between the guerrilla group Revolutionary Armed Forces of Colombia (FARC) and the Colombian government has greatly favored the image of the country abroad and has reduced the perceived risk for foreign investment.

In May, 2018, Colombia joined the Organization for Economic Cooperation and Development (OECD), thus becoming the third Latin American nation to join this block after Mexico and Chile. It is expected for this association to generate commercial opportunities for Colombia in the coming years.⁷

**Ease for doing business**

Colombia occupies the 65th position of the 190 that make up this ranking in the World Bank’s “Doing Business” classification for the year 2019. The following table shows the ranking obtained in each of the areas analyzed.

<table>
<thead>
<tr>
<th>Area</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening a Business</td>
<td>100</td>
</tr>
<tr>
<td>Management of Construction Permits</td>
<td>89</td>
</tr>
<tr>
<td>Obtaining Electricity</td>
<td>80</td>
</tr>
<tr>
<td>Property Registry</td>
<td>59</td>
</tr>
<tr>
<td>Obtaining Credit</td>
<td>3</td>
</tr>
<tr>
<td>Protection for Minority Investors</td>
<td>15</td>
</tr>
<tr>
<td>Tax Payment</td>
<td>146</td>
</tr>
<tr>
<td>Cross-Border Trade</td>
<td>133</td>
</tr>
<tr>
<td>Compliance with Contracts</td>
<td>177</td>
</tr>
<tr>
<td>Insolvency Resolution</td>
<td>40</td>
</tr>
</tbody>
</table>


In the 2019 report, Colombia fell 6 positions in the general ranking, moving from position 59 to 65.

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Two relevant indicators presented a deterioration for Colombia. It is about the management of building permits and the indicator that has to do with cross-border trade.

Despite this, it is important to highlight the improvement in the indicator related to obtaining electricity, which, although it only advanced one position, demonstrates the reduction of time and cost for the completion of this procedure. Colombia remains one of the leaders in the indicator regarding obtaining credit, occupying position 3 of the ranking.

It is also important to mention that there are high expectations about the effect of the recently approved Financing Law on competitiveness, as it contains several elements requested in the past in this front.

**Foreign trade and investments**

**EXPORTS**

According to the export information processed by DANE and DIAN, in **April, 2019** the country's foreign sales were US $ 3.8667 billion FOB (Free On Board) and presented an increase of 2.2% in relation to April, 2018. This result was mainly explained by the growth of 5.1% in the external sales of the group of fuels and products from extractive industries.

For the first **quarter of 2019**, Fuel exports and products from extractive industries participated with 60.8% of the total FOB value of exports. Similarly, Manufacturing participated with 19.5%; Agricultural, food and beverages with 16.3%; and other sectors with 3.4%. In April, 2019, 20.7 million barrels of crude oil were exported, which represented a growth of 13.0% compared to April, 2018.  

**IMPORTS**

According to the import declarations registered at DIAN, in **March, 2019** the imports were US $ 4.3011 billion CIF and presented an increase of 10.1% in relation to the same month in 2018. This behavior was mainly due to the 11.3% growth in the Manufacturing group.

In March, 2019, Manufacturing imports participated with 77.0% of the total CIF value of imports, followed by Agricultural products, food and beverages with 12.3%; Fuels and products from extractive industries with 10.7%; and other sectors 0.1%.  

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FOREIGN INVESTMENT

Foreign investment in Colombia reached 2.2558 billion dollars in the first quarter of 2019, which represents a growth of 23.3% in comparison with the same period in the previous year.

The Ministry of Commerce, Industry and Tourism (MinCIT) affirmed in a press release that 82.5% of that money -1.8615 billion dollars- was invested in the oil, hydrocarbons and mining sector. The remaining 17.5% -394.3 million dollars- was allocated to the areas of construction; electricity, water and gas; trade, restaurants and hotels; transport, and manufacturing, among others.10

Main internal markets

Colombia is characterized by having several regional economic centers of great relevance for business. This is confirmed by the “American cities of the future 2019/20” report, prepared by fDi Intelligence, a Financial Times service. The report places 5 Colombian cities in the ranking of the 25 most attractive cities in America for foreign direct investment (FDI). For this selection, 218 cities of the world were taken into account and 11 criteria were analyzed such as i) Economic potential, ii) Business climate, iii) Human capital, iv) Lifestyle, and v) Connectivity. The main cities of the country are located in this ranking.

Bogotá, the capital of the country, concentrates all the institutions of the central government and represents 25% of the national GDP. The city of Medellín, which represents 13% of the national GDP with the department of Antioquia. It is characterized by its economic dynamism driven by the presence of large companies in different sectors (financial, agro-industrial, industrial, construction, etc.). These companies have been expanding in recent years towards new regional and international markets. The cities of Cali, Barranquilla and Bucaramanga also deserve to be considered when conducting business in Colombia. However, it is important to highlight that many intermediate cities are experiencing strong economic growth driven by the emerging middle class, also becoming a focus of business opportunities. Among the cities with greater economic

10 Source: http://www.mincit.gov.co/estudios-economicos/estadisticas-e-informes/informes-de-inversion-extranjera
development Ibagué, Santa Marta, Valledupar, Villavicencio, Yopal and Neiva stand out, among others.

It is relevant to highlight that within the last 7 years, exports of agricultural products in the country increased 5 points in the total weight of national exports, from 14% to 19%.

The agricultural sector in the country opted to be more dynamic and versatile, which significantly increased the supply of its products and multiplied its destination markets. The growth of the agricultural sector is going to be supported by a great demand coming mainly from the external market. Data revealed by the International Fund for Agricultural Development - IFAD show how food production in developing countries should double by 2050 due to the growth of disposable income in emerging economies, the improvement in diet quality and the increase in the world population, which will reach 9 billion people.

**Infrastructure**

Colombia has 13 international airports. The operation of the El Dorado International Airport in Bogotá, the main airport in the country, is one of the most important elements for urban and regional development. Not only because of its importance for the national economy (cargo and passenger movement), but also for what its location represents with respect to the urban structure of the city and the municipalities of the savanna.

El Dorado International Airport ranks third in the best Latin American airports in the ranking of the British consultancy Skytrax every year, and in the 53rd position in the world.

To scale positions in the ranking, improve the quality of service and the growth of tourism in the country, we have in mind the development of the expansion of this airport, whose main objective is to double the current capacity from 40 to 80 million passengers. It is estimated that this project will be completed within the next 10 years.

In addition to El Dorado, the Rafael Núñez International Airport in Cartagena also stands out, which in August, 2018 presented its historical record in passenger mobilization and is expected to reach 5 million in 2019. This is why the construction of the international terminal, and the expansion and modernization of this airport, are part of the package of works prioritized by the Government of President Iván Duque, the Ministry of Transportation, and the National Infrastructure Agency (ANI).

As for seaports, they concentrate more than 90% of the country's foreign trade operations. Cartagena, Barranquilla and Santa Marta are the main ports of the Colombian Caribbean. On its part, in the Pacific, Buenaventura has established itself as
the main multipurpose port for the country, the epicenter of many of the exports and imports for non-traditional products.

A report by the Colombian Chamber of Infrastructure (CCI) and data provided by ANI, reveal that the construction of about 17 port terminals in the coming years is being studied and analyzed. This will allow for the reception of different types of cargo. These developments will be added to the 60 ports already in concession. In this way, the port industry would go on to have a capacity of 514 million tons by 2021.

In 2018, the Road Infrastructure Institute (Invías) and ANI began executing 10 projects, which will have a great impact on the country’s transport, mobility and connectivity.

One of these projects is the IP-Chirajara-Villavicencio public work, which is part of the Generation IV road infrastructure (4G9). This route improves the connectivity between the capital and the Eastern Plains and it is estimated that the project will be completed in March, 2022. Another of the major infrastructure projects in the country that began to be executed in 2018 is Pacífico Tres, which is part of the chain of projects that seek to facilitate trade between the Coffee Axis and Medellín. It is expected that this work will be completed in October, 2020.

To the south of the country, in the Putumayo Department, the San Miguel-Santana project is being carried out, in which 23 km will be paved and 4 bridges will be built. December, 2019 is the estimated date for the completion of this project.

These new infrastructure works intend to connect the country, and thus facilitate internal trade, as well as improve the trade routes for the different Colombian cities abroad. 12

**Disclaimer:** This information is provided by the ELAN project, but neither the ELAN contractor nor any other party can assume any responsibility/liability for the content of the published information.

12 Source: https://www.larepublica.co/infraestructura/los-10-projects-that-improve-the-connectivity-of-the-country-2595278