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Colombia

U.S. Department of Commerce | International Trade Administration

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Doing Business in Colombia

Market Overview

The Republic of Colombia is the fourth largest economy in Latin America, after Brazil, Mexico, and Argentina, and has the third largest population with approximately 49 million inhabitants. Aided by major security improvements and steady economic growth in recent years, Colombia has increased its commercial and investment ties to the United States, Europe, Asia and the rest of Latin America. Since the implementation of the U.S.-Colombia Trade Promotion Agreement (TPA) in May 2012, U.S. exports to Colombia initially increased substantially but have decreased over the last two years 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 by transportation workers. Nonetheless, certain U.S. exports to Colombia continue to see strong growth, especially agricultural products like pork, chicken, seafood, soy products, dairy, and beans. Colombia's ranking as an export market for U.S. agricultural products jumped from 24th place in 2011 to 12th place in 2016. Agriculture exports to Colombia from the United States were valued at USD 2.38 billion in 2016, more than double their 2011 value. Cereals, especially corn, saw the greatest gain in real terms.

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 surged to an average of nearly USD 700 million per year over the period 2012-2016, up from USD 334 million in 2011. Exports of pharmaceutical products, which amounted to USD 200 million in 2011, have averaged USD 270 million per year under the TPA.

Political stability, a growing middle class, the signing of the peace accord between the government and the Revolutionary Armed Forces of Colombia (FARC) guerrillas, and a vastly improved safety and security environment have supported an optimistic outlook and moderate economic growth in recent years in Colombia. The drop in commodity prices, adverse weather conditions, and labor strikes slowed economic output in 2016. Gross Domestic Product (GDP) growth slowed to two percent in 2016 and foreign direct investment is estimated to have decreased slightly to USD 11.6 billion. Over half of Colombia's global exports are petroleum products and lower oil prices are expected to continue taking a toll on the country's economy in 2017, with annual GDP growth projected at 1.8 percent and foreign direct investment expected to slow to USD 9.8 billion.

Colombia's inflation rate was 5.75 percent in 2016 (and nearly nine percent in July of that year), again due in large part to low oil prices, draught, and labor strikes. This

prompted Colombia's Central Bank to raise its benchmark interest rate to 7.75 percent at the end of 2016. Inflationary pressures have since eased and the Central Bank has repeatedly lowered short term interest rates at each of its board meetings in 2017. On April 28, the Central Bank reduced the benchmark interest rate from 7.0 to 6.5 percent, a 50 basis-point cut that exceeded analysts' expectations and marked the fourth reduction in five months. Inflation stood at 4.66 percent in April 2017 and Central Bank analysts predict a short term inflation rate of 4.49 percent by December 2017.

The passage of a tax reform package at the end of 2016 helped to prevent a possible downgrade in Colombia's credit rating by shoring up the country's public finances, which have been negatively impacted by the drop in oil revenue. Fitch Ratings affirmed Colombia's BBB credit rating and revised its outlook from negative to stable in March 2017. A consequence of the tax reform, however, was depressed consumer spending since the reform included a rise in the value-added tax from 16 percent to 19 percent.

The United States is Colombia's largest trading partner and Colombia was the 22nd largest market for U.S. exports in 2016. U.S. exports to Colombia in 2016 were valued at USD 13 billion, a decline of almost 20 percent compared to the prior year. Due to Colombia's close ties to the United States and Colombians' appreciation for the quality and reliability of U.S products, consumers in Colombia often favor U.S. products and services over those of our foreign competitors. 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 trading partner.

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 (though the amount of investment in these sectors dropped significantly in 2016), followed by consumer goods, high tech, franchising, and tourism. Over the next decade there will be greater investment in infrastructure projects ranging from roads, airport modernization, port construction and expansion, and major hotel developments. A sample of the major U.S. companies in Colombia includes: Drummond, Chicago Bridge and Iron, General Electric, General Motors, Occidental Petroleum, Chevron, ExxonMobil, ConocoPhillips, Microsoft, Unisys, Kimberly Clark, Johnson and Johnson, Goodyear, Kraft, 3M, Pfizer, Baxter, Corning, Marriott, and Sonesta Collection Hotels.

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), and South Korea. Agreements with Panama and Israel are pending ratification, and negotiations with Japan and Turkey are ongoing.

The U.S.-Colombia Trade Promotion Agreement 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 ten 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, increased transparency, and improved dispute settlement mechanisms (arbitration).

Colombia has five commercial hubs in the country: Bogotá, Medellin, Cali, Barranquilla, and Cartagena. In contrast to the majority of Latin American countries that have one or two major cities, Colombia offers U.S exporters access through 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 (TPA) of 2012. For those products still subjected 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 to doing business in Colombia. This is particularly the case with extractive industries like oil/gas and mining as well as professional services. Moreover, 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.

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, burdensome, and can take up to several years to complete, with many licenses never being granted. Companies in these sectors must frequently go through a process called *consulta previa* in which indigenous and other ethnic groups must be consulted before projects can be carried out in their communities. This process can also take up to several years with many projects ultimately being denied. The *iniciativa popular*, or local referendum, is a mechanism used by local communities to oppose activities by companies in the extractive industries, with several recent high-profile cases resulting in the shuttering of major operations.

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, among other justifications. Since the ruling, local governments have established "protected areas" where U.S. companies in the extractive industries had operations, thus suspending these projects indefinitely. The pervasiveness of informal and illegal mining in Colombia and the environmental damage that accompany it 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. There is a tendency for regulations to 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 tends to be insufficient. Consequently, U.S. companies are 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.

The government procurement process in Colombia continues to pose barriers for 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 initiatives such as *Compra Eficiente* and the Global Procurement Initiative (GPI).

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

- A commercial presence is required to provide information processing services and to bid on Colombian government contracts.
- 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.

- 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.
- 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.
- Telecommunications barriers to entry include cross subsidies, the requirement for a commercial presence in Colombia, and an economic needs test.

Market Opportunities

The post-peace accord environment in Colombia is expected to generate a period of stability and economic prosperity that will see development of several key sectors, including infrastructure, tourism, job training, education, and rural development.

Colombia's extensive, ongoing infrastructure projects will generate demand for project financing, logistics, construction equipment for public roads and airports, water treatment, water supply, electric power generation, oil and gas exploration and pollution control equipment, air navigational and port security aids, railway construction, transportation equipment, security and defense items and services, and mass transit systems. The city of Bogotá is in the early stages of developing a metro rail system and continues to expand its bus rapid transit system.

The consortium OPAIN was awarded a contract in 2006 for upgrades and expansion of Bogotá's El Dorado International Airport, and these renovations are ongoing. There have also been proposals to develop a second airport in the Bogotá area, El Dorado 2. Several regional international airports in Colombia are undergoing upgrades and expansions, and all concessionaires are seeking equipment to modernize their facilities.

The United States Trade and Development Agency (USTDA) and the United States Export Import Bank (EXIM) support U.S. companies as they craft solutions to development challenges 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. EXIM's commitment of USD one billion to Ecopetrol and USD 2.8 billion to Reficar for its refinery project has provided myriad export opportunities for U.S. exporters of oil and gas equipment and services. USTDA grants for customs security and operational enhancements at the ports in Cartagena, Buenaventura, and Puerto Salgar should also increase prospects for U.S. exporters.

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; mining equipment; and franchising.

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.
- Communicate with the U.S. Commercial Service and the Economic section of the U.S. Embassy in Bogotá regarding specific concerns.
- Offer excellent after sales service arrangements and maintain the sales relationship. Warranties or guarantees on imports are critical for supporting after sales service in Colombia.
- Provide high quality products and/or services, affordable financing and competitive pricing.
- Support your local partner's marketing efforts with advertising campaigns or by participating in trade shows. Do not be hands off and visit often.
- 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 very useful.

Political and Economic Environment

Political Environment

For more information, please see the U.S. State Department's Background Notes webpage.

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 Notary Public:

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 previous documents must have 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 Notary Public, (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. 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.

According to industry sources, during 2013 the franchise sector grew by 6 percent when compared with the previous year. This trend is estimated to have continued through 2014, although with a more moderate growth of 3.7 percent with 580 total franchising concepts by the end of 2015. 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).

By sector, the largest share of franchising concepts in 2014 was found in the clothing and fashion industry, with approximately 30 percent of the total, while fast food, restaurants and bars moved into second place with 20 percent. Specialty stores came in third place with 15 percent of total franchises, followed by retail (12 percent), and cosmetics and health (8 percent).

There is a high concentration of franchise retailers in Colombia's three major population centers (Bogotá, Medellín and Cali), leaving a lot of potential for franchise development in other important cities with populations of or around 1 million people, such as Barranquilla, Cartagena, Bucaramanga and the three cities within what is called the coffee region (Armenia, Manizales, and Pereira).

In general terms, the concept of franchising in Colombia is yet to obtain the same degree of development as it has in developed countries such as the United States. However, Colombian is currently dealing with a significant change in the economy, the drop of the oil price has strongly influenced in the peso devaluation during 2015. Over the last decade, Colombia's GDP per capita increased from just over $6,000 in 2000 to well over $10,000 by 2012. It is also estimated that the middle class grew from approximately 15 percent of the population in 2002 to 35 percent in 2015. This amounts to almost 17 million people out of Colombia's total 48 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 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. In order to learn more about postal and courier shipping services, please go 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 industry urgently needs to modernize many of its 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*" 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 the 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 in 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

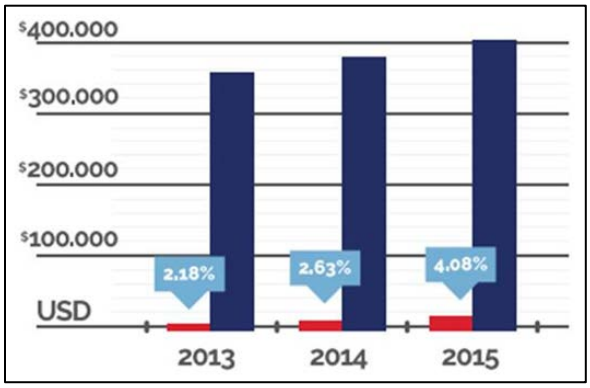
Overview

eCommerce in Colombia is still low compared to other countries in the region. The United Nations Conference on Trade and Development (UNCTAD) B2C eCommerce Index 2016, which ranks levels of eCommerce based on internet use, secure servers, and credit card penetration, among other factors, ranks Colombia 72nd out of 137 countries, behind other Latin American countries like Uruguay, Chile, Brazil, Argentina, Mexico, Panama and Ecuador.

Current Market Trends

According to the Colombian Chamber of Electronic Commerce (CCCE), eCommerce grew at an annual rate of 64 percent in 2015 and represented four percent of Colombia's economic output (GDP).

Graph 1: eCommerce as a percentage of Gross Domestic Product (GDP)



Blue = GDP Red = eCommerce

Source: Colombian Chamber of Electronic Commerce (CCCE)

Despite the slowdown in Colombia's economy in 2016 and 2017, projections indicate that online retailing is expected to perform well this year and grow at an annual rate of 22 percent. The Colombian government is making massive investments in infrastructure in an effort to improve transportation services, enhance economic competitiveness, and lower the country's logistics costs, which are among the

highest in the world. More efficient highway networks will facilitate delivery services and enhance prospects for increased eCommerce activity.

Domestic eCommerce (B2C)

Despite a general mistrust of e-commerce 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: Government (18 percent), Financial (17 percent), Communications and Technology (15 percent), Transport (12 percent), Other Services (12 percent), Commerce (nine percent), Education (six percent), Public Services and TV Subscriptions (four percent), Health and Beauty (two percent), Housing (two percent) and Enterprise Services (one percent).

eCommerce Resources

Colombian Chamber of Electronic Commerce (CCCE)

Interactive Advertising Bureau (IAB) Colombia

Cross-Border eCommerce

The United States and Colombia signed an e-commerce agreement emphasizing open and fair e-trade in 2010. At the same time, the development and institution of international standards for electronic signatures and authentication in Colombia is helping to develop a uniform definition of what constitutes a "digital signature" or a valid certificate across jurisdictions.

Colombia, Chile, and Brazil are Latin American countries that rank highly in consideration for cross-border business, given their high internet penetration rates and the size of their economies. Colombian consumers mostly buy from the U.S., China, Mexico, and Brazil.

B2B eCommerce

eCommerce DAY Bogotá

September 14, 2017

Bogotá, ColombiaeCommerce DAY is an initiative of the eCommerce Institute. It takes place in different countries of the region and aims to foster a space where global eCommerce companies can network and advance the digital economy.

eCommerce Services

Despite a general mistrust of e-commerce 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: Government (18 percent), Financial (17 percent), Communications and Technology (15 percent), Transport (12 percent), Other Services (12 percent), Commerce (nine percent), Education (six percent), Public Services and TV Subscriptions (four percent), Health and Beauty (two percent), Housing (two percent) and Enterprise Services (one percent).

eCommerce Services Resources

Colombian Chamber of Electronic Commerce (CCCE)

Interactive Advertising Bureau (IAB) Colombia

eCommerce Intellectual Property Rights

The main statutory provisions 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 began operating. 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.

Popular eCommerce Sites

Linio Colombia SAS, which exclusively deals in e-commerce, leads in internet retailing, selling the products of third-party merchants on sites such as Linio and Linio Fashion. The most prominent Colombian online commerce platforms include Mercado Libre, OLX, and Dafiti. The largest brick and mortar retailers that also offer online shopping include Exito and Falabella.

Online Payment

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

Mobile eCommerce

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 "Mobile Commerce Study" presented by IAB Colombia and Mercado Libre, in Colombia approximately three out of 10 monthly purchases are made through mobile devices.

Internet users in Colombia prefer computers to make purchases by 94% while 49% use smartphones. Only one in four buyers who have a tablet uses it to make their 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.

Digital Marketing

Access to the internet has shown a marked increase in recent years in Colombia and is changing the way companies market themselves. Digital marketing in Colombia has exploded and changed the traditional marketing mix. The changes have been fast and today to reach upmarket and professional audiences the internet is a core part of the strategy. 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.

Major Buying Holidays

The development of channels is still in an early phase, and the consolidation of specific events such as Cyberlunes (Cyber Monday) or Hot Sale - where various online stores offer more than 600 products and services during 48 hours at discounted prices- will boost the growth trend.

Social Media

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, Twitter, Instagram, Pinterest and YouTube are the most popular.

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
Poder
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&
Noticias Uno
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 any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please see the U.S. Department of Commerce's article on Protecting Intellectual Property and also Corruption.

IP Attaché Contact for Colombia

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Protecting Your Intellectual Property in Colombia

Colombia continues to make efforts to provide effective protection and enforcement of intellectual property rights and to implement its obligations under the U.S. - Colombian Trade Promotion Agreement. Colombia belongs to the World Trade Organization (WTO), ratifying the Trade-Related Aspects of Intellectual Property (TRIPs) Agreement in December 1995, and the World Intellectual Property Organization (WIPO). It is also a signatory to the Paris Convention on Industrial

Property, Geneva Convention for the Protection of Sound Recordings, Berne Convention for the Protection of Literary and Artistic Works, 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. Colombia also has a Patent Prosecution Highway (PPH) agreement with the United States.

The Superintendent of Industry and Commerce (SIC) and the National Copyright Directorate (DNDA) continue to be a responsive agency and reliable partner for the USG, the private sector, and civil society. Both SIC and DNDA offer electronic registration. In order to modernize the existing technology tools, in July 2016 SIC launched the new Industrial Property System (SIPI), an online tool that allows applicants to access all files through the website, manage their cases, track and receive email notifications.

The Colombian IP system is ruled by an Andean Regime, and when an Andean Law rules on a subject matter, its provisions prevail over the correspondent domestic laws. In light of the above, the applicable IP law in Colombia is the Andean Decision 486 of 2000, which sets both substantive and procedural rules. The Colombian patent process administered by SIC permits third parties to file pre-grant oppositions to a patent application challenging the patentability of an invention. More specifically, any third party with a legitimate interest may file a petition for an opposition proceeding within 60 working days following the publication date of the patent application. The SIC then determines the merits of the opposition to the patent application and issues a decision to both the patent applicant and the third party. It should be noted that under Colombia's National Development Plan, health agencies of the government itself may soon be able to participate in opposition proceedings to challenge patent applications in the life sciences sector.

Interested parties may file trademark applications directly with SIC, which will conduct a formalities and substantive review of trademark applications in accordance with Colombian legislation and Andean Decision 486. After review, SIC will publish the application for thirty days where third parties with a legitimate interest may file an opposition to the trademark application. A trademark registration lasts for ten years with possibility of renewal. Cancellation proceedings are available. Additionally, Colombia is also a party to the Madrid System for trademarks, which offers a trademark owner the possibility to have the trademark protected in several countries by filing one application directly with the owner's national trademark office.

While Colombia continues to promote IPR and raise public awareness, high levels of physical contraband and digital content piracy, as well as shortcomings in enforcement and market access, continue to plague the country's IPR efforts. In addition, the pharmaceutical sector has raised concerns about Colombia's regulation of this sector.

In an effort to enhance IP protection in Colombia and address the issue of backlog in the courts, Congress granted judicial powers to a number of administrative bodies. Law 1564 from 2012 gave the SIC, the DNDA, and the National Agricultural Institute (ICA) authority to judge civil IPR cases. The SIC was the first to implement Law 1564, which has drastically cut down delays on judicial proceedings from months to weeks. Stakeholders find the new system is efficient, quick, and professional. DNDA has now fully implemented Law 1564 and enjoys a high success rate with 41 percent of cases being resolved without a formal judicial process. With a capacity to handle 100 cases annually, DNDA is close to meeting its goal of concluding cases within one year. The High Court of the Bogotá Judicial District has appellate jurisdiction over these administrative decisions. ICA has not yet implemented the law.

Several general principles are important for effective management of intellectual property rights (IPR) in Colombia. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Colombia from in the United States. Third, rights must be registered and enforced in Colombia, under local laws. Companies may wish to seek advice from local attorneys or IPR consultants. The U.S. Commercial Service's Business Service Providers webpage offers a list of local lawyers.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Colombia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors.

While the U.S. government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, or unreasonable delay in prosecuting a law suit. In no instance should U.S. government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. U.S. companies should consider the business objections and compliance history of the partner to protect and honor IPR requirements. Additionally, companies should give their Colombian partners clear incentives to honor the contract. A good partner is an important ally in protecting IPR. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Colombia require constant attention. Work with legal counsel familiar with Colombian laws to create a solid contract that includes non-competition clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, based in Colombia and the United States. These include:

- Biotechnology Industry Organization (BIO)
- International Anti-Counterfeiting Coalition (IACC)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- Ministry of the Interior and of Justice, Special Administrative Department, National Copyright Directorate
- National Association of Manufacturers (NAM)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Superintendence of Industry and Commerce
- The Business Software Alliance (BSA)
- The Coalition Against Counterfeiting and Piracy
- The U.S. Chamber of Commerce and local American Chambers of Commerce

IPR Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit STOPfakes.gov's website.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at **1-800-786-9199**.
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the "Resources" section of the STOPfakes.gov's webpage.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit STOPfakes.gov's IPR toolkits webpage. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

IPR Climate in Colombia

In Colombia, regulations for the protection of IPR are in place. However, U.S. companies have concerns related to their enforcement. Particularly, companies in the pharmaceutical, music recording, computer, electronics, and software industries have encountered widespread piracy and counterfeiting of their products over many years.

Software protection is an especially difficult area for enforcement. Estimates indicate that the piracy level may be above 50 percent, and trade losses due to software piracy are calculated at around US$ 136 million. However, the government has been stepping up efforts in recent years, in order to tackle the problem, and thus defend legal manufacturers.

Such efforts have helped to somewhat reduce the piracy level in Colombia and maintain the ranking of the country among those with the lowest piracy rates in the region. U.S. companies operating in Colombia have acknowledged such efforts. However, Colombia remains on the Special 301 Watch List.

Colombia, a WTO member, has ratified legislation to implement its obligations under the Uruguay Round Agreement on Trade-Related Aspects of Intellectual Property Rights. Colombia is also a member of the World Intellectual Property Organization (WIPO), the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, the Treaty on

the International Registration of Audiovisual Works, and the 1978 Union for the Protection of New Plant Varieties, and a signatory to the Patent Cooperation Treaty.

Colombia has also addressed bilateral IPR issues in the FTA. However, even though Colombia may be able to regulate the issue, the problem of enforcement persists.

The regulatory system itself may not be the ideal structure in order to act in a coordinated manner to tackle the problem. On the one hand, the registration and administration of IPR are carried out by four different government entities. The Superintendent for Industry and Commerce (SIC) acts as the Colombian patent and trademark office. This agency also acts as the IPR policy developer.

The Colombian Agricultural Institute (Instituto Colombiano de Agricultura - ICA) is in charge of the issuance of plant variety protection-related and agro-chemical patents. The Ministry of Social Protection is in charge of the issuance of pharmaceutical patents, while the Ministry of Justice is in charge of the issuance of literary copyrights. Each of these entities suffers from significant financial and technical resource constraints.

Enforcement is carried out by another series of agencies including: Colombia's National Tax and Customs Directorate (DIAN), the Prosecutor General's Office, the National Police, and the Judiciary. Officials within these agencies often do not have a good understanding of IPR issues and of the severity of the offenses committed.

Periodically, the Economic Section recommends candidates for U.S. PTO training in Washington, DC.

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 Parmaceutical 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 0.5 percent in 2016, below the country's total annual economic growth rate of two percent. Businesses dealing with livestock performed particularly well, with poultry farms growing at a rate of 3.8 percent and egg harvesters at 6.6 percent, according to the country's statistics agency DANE. The swine business grew 10.4 percent during the same period.

The agricultural sector is expected to grow one percent in 2017 and growth is projected to be driven mainly by poultry (estimated growth of 5.2 percent), eggs (estimated growth of five percent) and swine (estimated growth of three percent).

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 agricultural equipment due to subsidies and performance issues with used equipment.

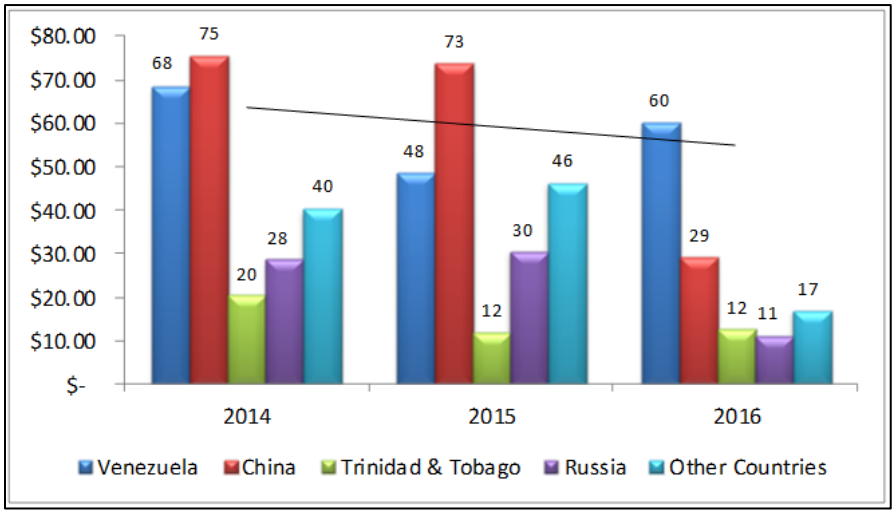
Most used agricultural equipment originating from the U.S. comes with technologies such as GPS, air conditioning, hydraulic steering, and other features that make this equipment relatively expensive for the Colombian market. Colombia's larger growers usually prefer to buy new agricultural equipment without state-of-the-art gadgets because the prices are comparatively lower.

Although farmers appreciate the added value of higher-quality fertilizer products, they are typically unable to buy them because the low returns in the Colombian agricultural 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.

Fertilizer generally needs to comply with ICA (Colombian Agricultural Institute) requirements in order to be imported into Colombia. This process may take up to 3 years and cost USD 5,000 – USD 8,000 per product; registration must be done by a Colombian company, which results in them "owning" the registration.

Colombia's total imports of urea fertilizer decreased in 2016 to USD 119 million, a 34 percent annual decrease over 2015. Of this total, 50 percent of imports (USD 60 million) came from Venezuela, followed by China at 24 percent (USD 29 million), and Trinidad and Tobago at 10 percent (USD 12 million). U.S. exports made up less than one percent of Colombia's total imports of urea fertilizer in 2016.

Graph 2: Colombia Urea Fertilizer Imports by Country, 2014-2016 (USD millions)



Source: U.S. Commercial Service-Bogotá with Global Trade Atlas data.

The decreasing trend in imports of fertilizer can be explained by a weaker Colombian currency and an increase in local production.

Leading Sub-Sectors

According to figures from National Federation of Poultry Farmers of Colombia (FENAVI) and the Colombian Pork Producers Association (PorkColombia), poultry, eggs and swine show an increasing trend in 2017, 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 2016, and were mainly for reproductive applications. Best prospects for agriculture exports to Colombia encompass machinery and equipment for Colombia's growing domestic production of poultry, eggs, and pork.

Opportunities

In October 2015, the government launched the program "Colombia Siembra" to encourage the production of food staples. Colombia Siembra involves an investment of USD 500 million through 2018 and aims to boost agricultural growth by 6.2 percent. Colombia Siembra will address productivity and competitiveness of this sector by investing in machinery, irrigation, and technology.

After the peace accord was ratified in October 2016 between the government and the FARC guerrillas, the agricultural sector could be one of the biggest beneficiaries since rural development has been identified as 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 Bogotá, Colombia, every two years in the month of July. For more information please see Coferia's website.

Expo Agrofuturo

Knowledge and business trade show for the agricultural sector in Colombia. The format of the event and the profile of the exhibitors and assistants have transformed Expo Agrofuturo into the most effective marketing tool to promote products, land use and investment in the agricultural sector, it takes place every year on September.

Palmex Latin America

The only specialized Palm Oil exhibition in Latin America that brings together an international congregation of both upstream and downstream palm oil companies and supporting industries. Attendees gather in the city of Barranquilla, Colombia to showcase the latest developments in the palm oil industry.

Sugarex Colombia

Sugar expo and conference held once every two years. It is Colombia's largest specialized sugar and bioethanol technology event that brings together an international congregation of sugar companies and supporting industries. Attendees gather in the heart of the sugar industry in Cali, Colombia to showcase the latest developments in the Colombian sugar and ethanol industries.

Web Resources

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Key Contacts

Colombia Statistics Bureau (DANE)

Colombian Pork Producers Association (PorkColombia)

Ministry of Agriculture and Rural (MADR)

Ministry of Agriculture website (Agronet)

National Federation of Poultry Farmers of Colombia (FENAVI)

Automotive

Overview

Table 1: Colombia Automotive Production Data, 2014-2016

Auto Sector **(in units)**	**2014**	**2015**	**2016**	**2017 (estimated)**
Sales	328,526	281,885	253,651	264,000
Local Production	110,374	87,386	95,119	99,764
Imports	218,152	178,346	158,532	176,400
Exports	25,753	29,584	38,731	45,000
Total Market Size	**302,773**	**236,148**	**214,920**	**231,164**

Table 2: Colombia Automotive Parts Sales Data, 2014-2016

Auto Parts **(USD millions)**	**2014**	**2015**	**2016**
Sales[1]	3,817	3,970	3,895

Table 3: Colombia Automotive Parts Production Data, 2014-2016

Auto Parts **(USD millions)**	**2014**	**2015**	**2016**
Local Production	355	321	-
Imports	4,022	3,567	3,241
Imports from the United States	829	772	525
Exports	444	425	366
Total Market Size	**3,933**	**3,463**	**-**
Exchange Rates: 1 USD	1,997.83	2,748.78	3,050.15

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

Table 4: Colombia Automotive Market Sales and Market Share by Vehicle Category, 2014-2016

Category	**2015 Sales**	**2016 Sales**	**2015 Market Share %**	**2016 Market Share %**	**Variation in Sales Volume %**
Private cars	147,364	137,806	52.3	54.3	(2)
SUVs	73,171	71,394	26.0	28.1	(2.1)
Trucks and buses	21,544	20,260	7.6	8	(0.4)
Pick ups	15,284	12,215	5.4	4.8	(0.6)

[1] Vehicle bodies and chassis are not included in auto parts sales

Taxis	15,191	9,772	5.4	3.8	(1.6)
Vans	9,331	2,204	3.3	1	(2.3)
Total	**281,885**	**253,651**	**100**	**100**	

Sources: BBVA Research – Colombia Automotive Outlook 2015; Informe Sector Automotor up to December 2016; Fenalco – ANDI;

Informe Venta Autopartes, 2016, Asopartes;

Colombian Vehicle Magazine "Motor", Edition 667, 2017;

Manual Estadístico 36 "El Sector Automotor Colombiano 2016"; Acolfa

Colombia Autos Report 2017; BMI Research

Colombia is one of the largest automotive markets in South America, next to Brazil and Argentina. Although 2014 was Colombia's best year for auto sales in the past five years, the sector experienced a decrease of 10 percent from 2015 to 2016. The decrease was mainly caused by a drop in global oil prices, the devaluation of the Colombian Peso and a slowdown in economic output (GDP), which was estimated at two percent for 2016. Moreover, a tax reform package passed in 2016 raised the Value Added Tax from 16 percent to 19 percent, which has put a damper on consumer spending in general.

Auto parts sales totaled USD 3.89 billion in 2016, a two percent annual decrease over 2015. According to the leading automotive parts association in Colombia, Asopartes, the decrease can be explained by a relatively weak Colombian Peso, the fact that several auto parts importers suspended imports due to the unfavorable exchange rate, and a reduction in trade with Venezuela, where auto parts sales have dropped significantly in recent years[2].

At the end of 2016 there were 13 million vehicles in Colombia, according to data from the Ministry of Transportation and the automotive association Andemos. Of those, 912,142 were registered for transportation (freight and passengers) and 7.4 million were motorcycles (57 percent). Not including motorcycles, 83 percent of Colombian vehicles are for private use, 16 percent are in public service, and one percent is for official use[3]. According to research conducted by Business Monitor International in 2017, Colombia's car ownership is still far from reaching saturation point.

[2] Informe Venta Autopartes, 2016, Asopartes

[3] Parque Automotor Colombia, 2016, Andemos

A report conducted by the multinational banking group BBVA in 2015 estimates that the automotive sector contributes four percent to the country's GDP and accounts for nearly 22,000 jobs. 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 567,000 units (domestic production satisfied 97 percent of local consumption in 2016)[4].

A number of international auto manufacturers currently produce vehicles in Colombia. General Motors (Chevrolet, Isuzu, and Volvo), 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 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. General Motors has recently announced a significant investment in its local operations over the coming four years, which is likely to boost the country's overall auto output.[5]

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 percent in 2016 and it ranked fifth in top-selling brands in the country (18,145 units sold).

More than 100 brands and 700 models of vehicles are found in the Colombian market. The biggest seller is Chevrolet (24 percent market share), followed by Renault (20 percent market share), with Kia in third place (10 percent market share). Nissan has grown at a fast rate in recent years and is currently in fourth place (7 percent market share).[6]

In 2016, the ratio of nationally produced vehicles was 37 percent. The other 63 percent of vehicles were imported from Mexico, Japan, South Korea, United States, Brazil, Germany and China. Colombian local production of vehicles has been

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[4] Manual Estadístico 36 "El Sector Automotor Colombiano 2016", Acolfa

[5] Colombia Autos Report 2017, Business Monitor International

[6] Informe Sector Automotor up to December 2016, Fenalco – ANDI

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 (assembly plants) in Colombia are concerned by 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 is currently negotiating agreements with Israel and Panama. Further agreements are currently under discussion 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 2015, the annual production of automotive parts in Colombia was equivalent to USD 321 million, while exports accounted for USD 425 million. The main destinations for Colombia's exports of auto parts are the United States, Ecuador, Peru, Mexico, and Chile[7]. Imports represented USD 3.56 billion and were dominated by China (25 percent), the United States (16 percent), Japan (7.8 percent), Brazil (7.6 percent), and Mexico (five percent).[8]

The Colombian automotive parts industry faces several challenges, such as stolen vehicles, counterfeit products and smuggling. During 2016 a total of 45,461 vehicles (including motorcycles) were stolen in the country, representing an increase of 32.7 percent in comparison with 2015. This has created an illegal market of auto parts valued at approximately USD 680 million in 2016[9]. The Government of Colombia is promoting awareness campaigns through national television to prevent the purchase of stolen auto parts, and it is also enforcing legal measures for consumers who buy illegal (stolen and counterfeit) auto parts.

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[7] Statistics Bureau - DANE; Global Trade Atlas - Colombian Exports Autoparts.

[8] Global Trade Atlas, Colombian Imports Autoparts

[9] Informe Hurto de Vehículos, January 2017 – ASOPARTES

Leading Sub-Sectors

Best prospects for automotive parts and accessories are:

- Brakes 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' seventh 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 Colombian Central Bank continues to cut short term interest rates in 2017, a measure that might encourage commercial banks to lower auto loan rates[10].
- Auto parts
    - A. The high vehicle import percentage represents good opportunities 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

[10] Colombia Autos Report 2017, Business Monitor International; Portafolio Article, Feb 24, 2017

Promotion Agreement (TPA) that entered into force in May 2012, some parts and auto parts (which were previously assessed a tariff of 13 percent on average) currently enter the Colombian market tariff free, while tariffs on other parts will be reduced to zero over the next two to six 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 import 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 the import 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 as key in the country's 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[11].

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 site to sell auto parts to end users; this is a relatively new channel of distribution in Colombia
- Importers and distributors of automotive parts and accessories
- Sales representatives of automotive parts
- Tire distributors

Trade Events

Expopartes

[11] BBVA Research "Automobile Market Outlook, Colombia 2014" – GOC Productive Transformation Program – Auto parts and Vehicles Industry.

June 7-9, 2017

Bogotá, Colombia

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)

Government of Colombia

Ministry of Transportation

National Industrialists Association (ANDI)

National Transit Registration System (RUNT)

ProColombia (Export Promotion, Tourism and Investment)

Defense

Overview

The last few years have been times of uncertainty for the Colombian armed forces. Although the peace agreement negotiated between the Government of Colombian and the FARC guerrillas at the end of 2016 is currently being implemented, the real challenge is making peace sustainable and leaving behind years of violence that were fueled by illicit drug trade and insurgency groups. Security risks will remain for the foreseeable future in Colombia and will buoy strong demand for defense products.

The Peace Agreement with FARC and Post-Conflict

After nearly six decades of war with the narco-terrorist group FARC, a peace agreement was reached in 2016 that put an end to the armed conflict. The agreement is still in its initial stages and the sustainability of the agreement remains uncertain. There is the risk that factions of the FARC will return to drug production and kidnapping instead of reintegrating into society. The government is investing significant resources in the reintegration process but has also warned that FARC dissidents who do not join the program will be treated as criminals and will forfeit all benefits.

Record Levels of Coca Production

2016 was a record year for production of coca and cocaine and the trend does not show signs of reversal in 2017. There are many reasons for the increase, but the recent prohibition of aerial spraying of coca crops is seen by many as the main contributor. The Colombian Government banned aerial eradication over concerns that the chemical agent used in spraying was carcinogenic. Now eradication is carried out manually, which is labor-intensive, dangerous, and slow. Colombia's rugged and mountainous geography makes manual eradication difficult and the landscape is riddled with landmines and IEDs. The Colombian armed forces are being tasked with clearing landmines, manual eradication of coca, and the protection of the eradicators.

ELN Peace Negotiations

After concluding the peace agreement with the FARC, the government turned its attention to peace negotiations with the country's smaller guerrilla insurgency, the National Liberation Army, or ELN. As of the end of 2016 an agreement remained elusive and the Army continues to bomb ELN encampments while the ELN assassinates police officers, detonates bombs in populated areas, and sabotages oil pipelines.

The Rise of the "BACRIM" (Criminal Organizations)

Colombia's main criminal groups are challenging local authorities by occupying many of the FARC's former areas of control in order to run cocaine labs and illegal mining operations of gold and emeralds. Many of these organizations emerged from the remnants of former paramilitary groups and do not espouse any particular ideology. Some of the most notable are the Clan del Golfo, Los Pelusos, Los Urabeños, and Los Rastrojos, among others. One of the priorities of the Colombian armed forces is to take control of the remote parts of the country where these groups operate and establish a government presence to thwart further advances by the BACRIMs. Many of these areas have not had a government presence for decades and have been under the control of the FARC and other criminal elements.

Security in Urban Areas

As life in rural Colombia is experiencing a moment of relative calm, 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 Buenaventura, violent crime has reached the point where the military has assumed many responsibilities of the police force.

Regional Issues: Venezuela and Nicaragua

In early 2017 the Venezuelan armed forces occupied a small area of Colombia for a period of four days under the pretense that the Arauca River, which acts as a natural border, had changed its course and had thus changed the border between the two countries. The act was seen by many as an attempt by the Government of Venezuelan to shift attention from a deteriorating domestic situation, where food shortages and an increasingly autocratic President Maduro are leading to social unrest, massive street protests, and violence. The Government of Colombian was able to resolve the issue through diplomatic channels but the incident has exacerbated already tense relations between the two countries. In another border dispute, Nicaragua and Colombia are in disagreement over maritime boundaries in the Caribbean Sea, where Colombia exercises sovereignty over the islands of San Andres and Providencia. The International Court in 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 fuel tensions and sabre-rattling.

The purpose of the sections below is to make the readers understand where the opportunities in the Defense and Security sector are, its challenges, and how to approach the market to successfully increase the probabilities of American companies doing business in Colombia.

The Government of Colombia's 2017 Defense and Police budget reinforces it commitment to modernization of the armed forces. Ongoing armed conflicts will sustain spending of approximately 3.6 percent of annual economic output on training and equipment for the military and police. Overall, the 2017 defense budget received a two percent annual increase (approximately USD 120 million). According to Colombia's Defense Minister Luis Carlos Villegas, 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 replacement and maintenance of ageing equipment, the building of new police stations (battalions and commandos), upgrades to communication equipment, and support for demining brigades. Villegas added that part of the resources will be used to maintain the number of active personnel currently enlisted as well as upgrade the main military hospital and military housing.

The Colombian armed forces have a budget of USD 10.2 billion, which is equivalent to 13.1 percent of the total Colombian budget for 2017. As happened in the past, the vast majority of the defense budget (over 97 percent), will be designated for operational activities, such as payroll, procurement of goods and services, and pensions. Only USD 222.3 million (about three percent) will be invested in strengthening the security and strategic capacity of the armed forces through the procurement of new systems.

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 had been provided to Colombian-led counter narcotics programs for drug eradication and interdiction. It encouraged the expansion of the capacity of the Colombian military and police. Plan Colombia expired in 2012, but American support remains critical to Colombia's armed forces.

Despite the peace accord with the FARC, the Colombian government continues military actions and spending to fight narco-terrorism, trade in contraband, and to secure at-risk areas using the police force. Colombia is especially committed to developing security surveillance and enforcement in remote regions of the country such as La Guajira, Arauca, Choco, Putumayo, Nariño 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 through military assistance programs. Other sources of funding include the U.S. State Department and programs that it administers, such as the International Narcotics Control program (INL). The Bureau of International Narcotics and Law Enforcement Affairs 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 9 of the National Treatment Caveat of the United States-Colombia Trade Promotion Agreement, 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 agreement. Typically, some non-sensitive equipment may be procured through Colombia Buy Efficient's website, but most sensitive hardware is purchased through private invitations. American companies should inform the U.S. Embassy in Bogotá of their intentions to bid on an RFP so, if possible, the different entities at the Embassy can advocate on their behalf.

The United States enjoys a privileged relationship with Colombia with regards to military equipment acquisitions. However, competitors from Israel, Russia, 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/warranty, trust, and familiarity with equipment. According to unofficial estimates, U.S. imports 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 pricing and more competitive bidding from foreign manufacturers, and possible corruption in the procurement process. U.S. manufactured equipment is already losing market share in the area of

personal arms, with more rifles currently being bought from Australia, Belgium, and Russia.

Colombia has persistent corruption issues across many different sectors which can make participating in the procurement process difficult. It is essential for American companies to find a local representative to support their in-country dealings.

Leading Sub-Sectors

In 2017, Colombia will remain an important defense equipment importer, regardless of government intentions to jumpstart local production of equipment via companies like Indumil (arms and ammo), CIAC (aviation), CODALTEC (digital), and COTECMAR (naval). These entities can be key partners for American companies that are capable of doing technology transfers.

Colombia has ongoing plans to upgrade all branches of the military in 2017, making it an attractive market for a variety of products and services:

- All types of tactical equipment as well as bomb disarming gear;
- Construction of Command and Control Centers in Bogotá and other cities;
- Demining equipment, especially light hand held devices to be used in rugged terrains;
- Equipment for manual eradication of illicit crops.
- Regular armament and survival equipment;
- Transport trucks, including regular (troop and cargo carrier), armored and tactical;
- Upgrades to fixed wing aircrafts;
- Upgrades, parts and support for the Blackhawk and Huey helicopter fleets;

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

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

Opportunities

Military equipment trends have remained relatively constant in the post-Plan Colombia period since the government continues to fight drug interdiction and conduct manual coca eradication operations. Due to the improvement of the general

security environment, 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 investment in COTECTMAR indicate the government's interest 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 close to 15 fighter jets, with possible candidates including the F-16. However, this project is on hold until further notice due to budget issues, mainly related to low oil prices. The Cavalry (army) has also shown 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 2016, with the exception of a possible purchase of helicopters with higher capacity to transport troops and equipment. Due to recent aircraft acquisitions, there are significant opportunities for training, parts, and maintenance for 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 496,275 people, 291,518 being part of the military and 181,699 with the police. The rest are with the justice system and civilian forces. In recent years key needs have been armament and personal arms (up to USD one million a year), night vision goggles (up to USD one million a year), anti-ballistic missiles (up USD one million a year), survival equipment and kits (up to USD 400,000 a year), flight suits, footwear (up to USD 200,000 a year), personal arms (M4 rifles, M9 pistols), grenades, binoculars, and medical equipment. The Colombian army is upgrading its equipment and uniforms with engineered textile solutions, smart textile materials, as well as integrated communication aircraft helmets.

The majority of defense and military equipment have no tariffs since the implementation of the U.S.-Colombian Trade Promotion Agreement in May 2012. Prior to the agreement, tariffs ranged between five and 20 percent. Companies

are encouraged to check the Harmonized Code (Schedule B) to better understand the tariffs and taxes that they would have to pay in order to sell to Colombia.

Trade Events

Expodefensa

December 4-6, 2017

Bogotá, Colombia

F-Air (International Aeronautics Fair)

July 13-15, 2017

Medellin, Colombia

ColombiaMar (Naval industry conference and trade show)

March 2018

Cartagena, Colombia

Web Resources

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Key Contacts

Colombian Government
Infodefensa Magazine
Ministry of National Defense
Portafolio newspaper
Revista Semana

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 23rd 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.

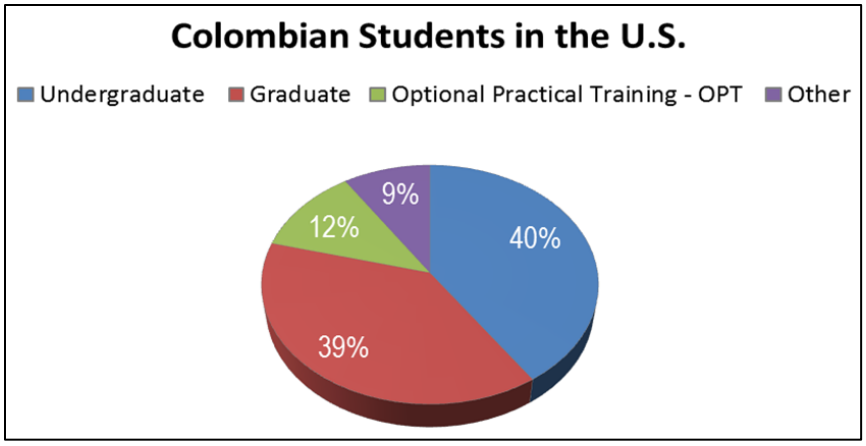
Leading Sub-Sectors

Table 5: Colombia-U.S. Student Travel Data

Year	**2013-2014**	**2014-2015**	**2015-2016**
Number of Colombian Students	7,083	7,169	7,815
% Change from Previous Year	8.3	1.2	9.0

There were 7,815 Colombians who traveled to the United States to study in academic year 2015/16, a nine percent increase over the previous year. Colombian students in the U.S. are divided between graduate and undergraduate levels as follows:

Graph 3: Colombian Postsecondary Students in the U.S. by Education Level



Based on data from the Institute of International Education, Colombian students in U.S. colleges and universities contributed USD 251 million to the U.S. economy in the 2015/16 academic year.

The U.S. Embassy in Bogotá 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, in cooperation with Education USA offices in Colombia, supports various education fairs that include the participation of U.S. boarding schools, universities and ESL institutions, in order 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 2016 ICETEX awarded 249 scholarships for master's degrees, PhD, and ESL programs in the U.S. The second institution is the Foundation for the Future of Colombia (COLFUTURO), 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 2016 COLFUTURO awarded 1,258 scholarships for masters and PhD programs. 267 of those scholarships were 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 and Harvard University, among others.

Opportunities

Although the relatively weak Colombian currency was a factor for Colombian Students who wanted to study in the United States in 2016, 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, only 9,000 high school graduates have an intermediate level of English. Colombia's President Juan Manuel Santos recently launched a program called "Colombia Very Well," with the intention 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 university, its programs and its 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 in order 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 efficient 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 Bogotá. Universities interested in participating and exhibiting at the fairs should visit the Education USA's website.

Web Resources

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Key Contacts

Colombia Ministry of Education

Colombian Institute for Educational Loans and Technical Studies Abroad (ICETEX)

Education USA

Foundation for the Future of Colombia (COLFUTURO)

Institute of International Education

Electrical Power and Renewable Energy Systems

Overview

Table 6: Colombia Power Generation Equipment Production Data (USD thousands)

Year	2015	2016	2017 (Estimated)
Local Production	255	250	255
Imports	1,435	1,271	850
Exports	220	225	200
Total Market Size	1,135	1,205	905
Exchange Rates	2,748.78	3,050.15	

Total market size = [(total local production + imports) – exports]

Colombia's installed electric power generation capacity currently stands at 16,501 MW. Hydro-based capacity's share is 66 percent, with the remainder being generated by gas and coal-fired power plants (28.9 percent), and small hydro and cogeneration facilities. By 2028, the Government of Colombia has projected the installed capacity will reach 25,188 MW, with an increased reliance on large-scale hydro due to natural gas production and distribution concerns.

With the approval of Law 1715 in 2014, the government aims to promote private ventures with large-scale renewable energy projects to be incorporated in the national grid system, as well as promote energy efficiency and the implementation of demand-side management systems. Currently, experts from the Energy and Gas Regulatory Commission (CREG) and Mining and Energy Planning Unit (UPME) are developing regulatory measures that will support a suitable environment for solar photovoltaic, wind, and geothermal power projects to be competitive and complement the existing power grid, with improved system reliability.

However, industry sources continue to express major concerns about the lack of progress with regards to environmental licensing and negotiations with local communities as these continue to affect all areas of infrastructure development, especially the energy and extractive industries.

Colombian imports of electric power generation equipment benefit from proximity to the U.S. and from the U.S.-Colombia Trade Promotion Agreement, which

eliminated Colombian import duties on equipment, spare parts, and accessories for the power generation sector.

Leading Sub-Sectors

- Generators;
- Industrial controls;
- Motors;
- Power, distribution, and specialty transformers;
- Steam, gas, and hydraulic turbines;
- Switchgears;
- Turbine generator sets.

Opportunities

The outlook for the Colombian electricity sector is promising since the government is planning to develop several new power generation projects, mostly hydro, to accommodate growing demand through 2028. The government believes that by 2028 new power projects will join the national interconnected system to reach 25,188 MW of installed capacity, based on initial expressions of interest, including hydro (13,400 MW), natural gas (3,841 MW), coal (2,075 MW), minor plants (1,421 MW) and the development of large-scale renewables such as wind (1,370 MW), solar (239.2 MW), and geothermal (375 MW).

The U.S. Trade and Development Agency (USTDA) is supporting power generation projects in Colombia through a feasibility study grant to Medellin-based energy company ISAGEN to assess the viability of developing a 50 MW geothermal power generation project. USTDA also awarded a grant to the electric utility *Empresas Públicas de Medellín* (EPM) to evaluate the technical, economic and financial feasibility of constructing geothermal power plants in Colombia's Nereidas Valley. USTDA has been active in Colombia supporting projects that demonstrate the advantages of demand-side management and smart grid technologies and that assess large-scale energy storage solutions to improve the nation's high-voltage transmission and distribution network.

Trade Events

International Fair on the Electric Sector (FISE) 2017

November 29 - December 1, 2017

Plaza Mayo Convention and Exhibition Center

Medellín, Colombia

Web Resources

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Key Contacts

Association of Power Generation Companies (ACOLGEN)

Bogotá Energy Group (EEB)

Center of Technological Development of the Electric Sector (CIDET)

Energy and Gas Regulatory Commission (CREG)

InterColombia Power Generation

ISAGEN Power Generation

Medellín Public Enterprises (EPM)

Mining and Energy Planning Unit (UPME)

Ministry of Mines and Energy (MME)

National Planning Department (DNP)

U.S. Trade and Development Agency (USTDA)

Information and Communication Technology (ICT)

Overview

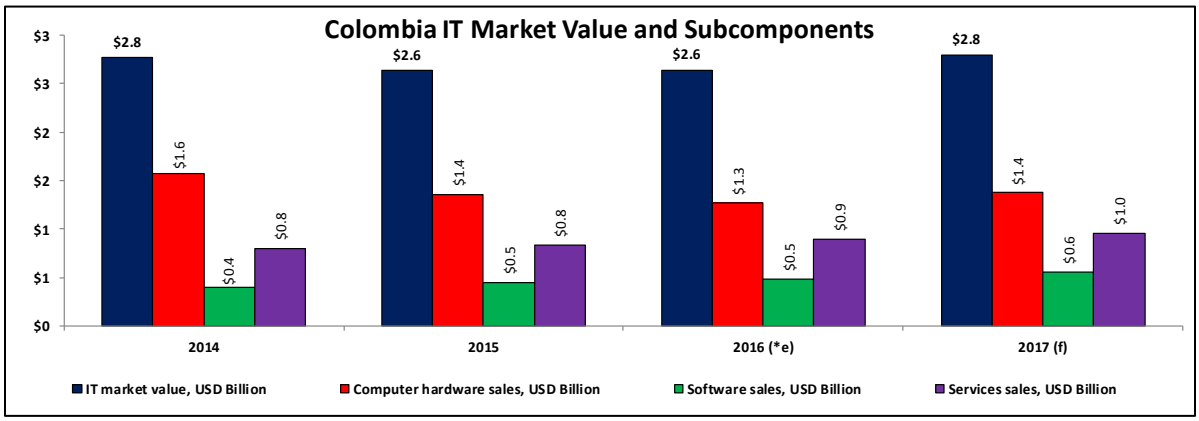
The Information and Communication Technology (ICT) sector presents opportunities for U.S. companies able to offer the products and services the Colombian market needs to move forward with connectivity and Information Technology (IT) services penetration.

According to Business Monitor International, IT spending in Colombia will increase by 5.9 percent in 2017. There are several variables that could provide broad support to the IT market in 2017, including peso appreciation against the US dollar, which will increase the affordability of imports.

The Colombian Ministry of Information Technologies and Communication (MinTic) has consolidated Internet access and ICT for the majority of Colombians, with more than 15 million Internet connections in 2016 (seven times more than in 2010). Almost 96 percent of municipalities are covered by fiber optic networks and high speed networks have been deployed in many remote areas of the country.

Industry sources forecast Colombia's total IT market to reach a value of USD 2.8 billion with an optimistic outlook for growth in 2017. Computer hardware sales make up the largest share of the market at 48 percent, followed by services sales (33 percent) and software sales (19 percent).

Graph 4: Colombia IT Market Value Data

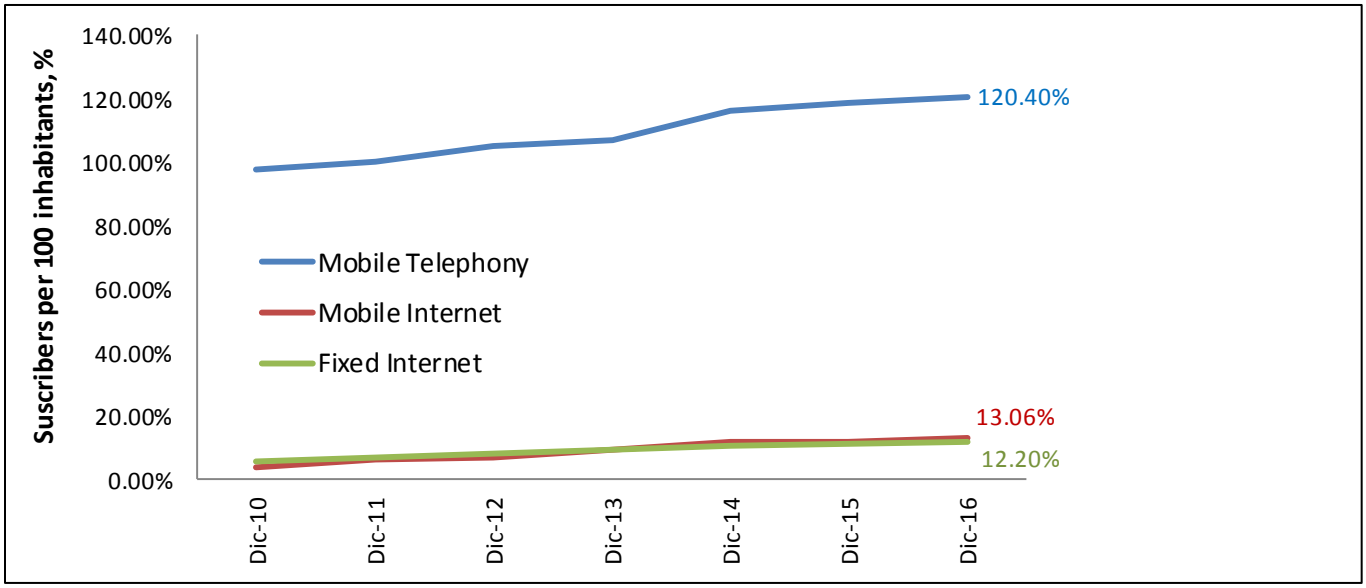


Source: U.S. Commercial Service- Bogotá & Business Monitor International Industry Report.

Government of Colombia figures show that IT service penetration continues to trend upward, creating opportunities for continued supply and distribution of value-added services.

Internet penetration in the country has grown significantly in recent years, promoted by the government's "Vive Digital" initiative which aims to create jobs, grow the economy, and reduce poverty by increasing access to broad band Internet service. Colombia has gone from 3.1 million Internet broadband connections in 2010 to over 10 million in 2016, and Internet penetration for small and medium enterprises (SMEs) increased from seven percent in 2010 to more than 60 percent in 2016.

Graph 5: Colombia IT Services Penetration Data

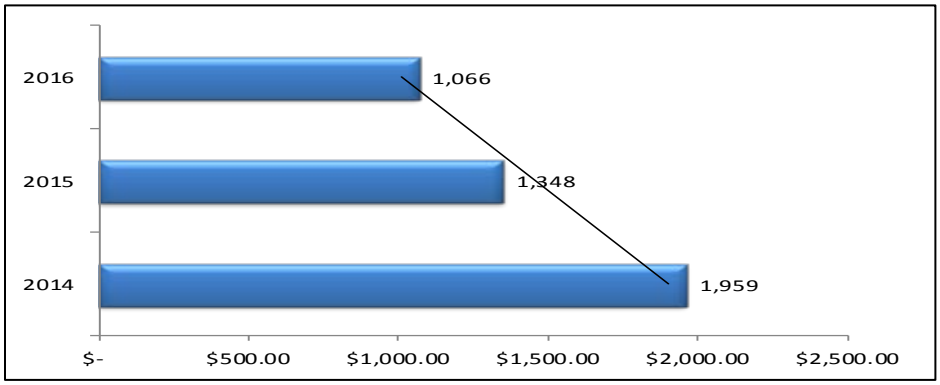


Source: Colombian Ministry of Information Technologies and Communications

Colombian International Trade in IT Equipment

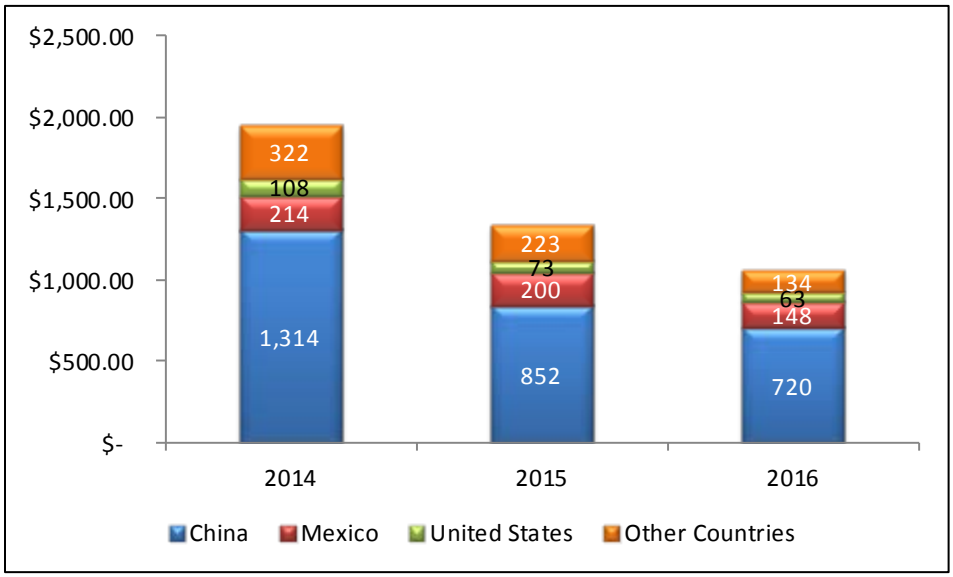
Colombia's total imports of IT equipment (Harmonized System Code HS8471) in 2016 amounted to USD 1.06 billion, a 21 percent decrease compared to 2015, in part due to the Colombian currency depreciation in 2015. Of this total, 68 percent of imports (USD 720 million) came from China, followed by Mexico at 14 percent (USD 148 million), and the United States at six percent (USD 63 million).

Graph 6: Colombia IT Goods Import Data, 2014-2016 (USD Millions)



Source: U.S. Commercial Service- Bogotá & Global Trade Atlas data

Graph 7: Colombia IT Goods Imports by Country, 2014-2016 (USD Millions)



Source: U.S. Commercial Service- Bogotá & Global Trade Atlas data

The total value of Colombia's imported IT products decreased throughout 2016 compared to the previous two years. Imported goods directly from the United States have also decreased over the past three years, leading to a drop in market share in comparison to China and Mexico, though these two countries' exports to Colombia also decreased in 2016. China's increase in market share can be explained, in part, by two larger issues:

1) Many international and U.S. manufacturers have their production facilities in China and export directly from there.

2) 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 are developing for U.S. companies to take advantage of the benefits derived from the U.S.-Colombia Trade Promotion Agreement.

Colombian Government Policies on IT

The Government's "Vive Digital" program has been extended until 2018 and will now focus on four basic pillars: applications, users, services, and infrastructure. The specific objectives within each of these pillars will drive business opportunities in the coming years, in particular for IT service providers that are able to partner with local companies to bid on projects that cater to the government's goals.

With regard to services, the Government of Colombia's goals are to provide mass access to Internet services, develop affordable computers, and implement regulations for the management of electronic equipment waste.

In December 2016, the Government of Colombia published decree 2142, which reversed a prohibition on imports of mobile devices and parts via courier. In previous decree 2025 of October 2015, Colombia's Ministry of Commerce limited the import and export of smart phones and their parts and prohibited all imports and exports of mobile devices and parts via courier. The objective of the ban was to discourage theft of cellphones and limit trade in stolen electronic devices and components, but the result had a negative impact on legitimate shipments of cellphones for repairs and service.

Leading Sub-Sectors

1. Hardware:

    a. *Medium Corporate:* Upgrading of equipment compatible/enabled for cloud services.

    b. *SME and Domestic:* Computing and mobile devices.

Opportunities

Opportunities for U.S. companies in the Colombian IT market will be driven by three main factors:

1. Increased connectivity and affordability of equipment;
2. Multi-sector economic growth;

3. 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. Tablets will have an important niche in the educational field, and consumers willing to use a tablet will look for more power and productivity with convertible tablets or even compact laptops.

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 an infrastructure capable of handling world-class operations, with 10 submarine cables that allow the use of 4G technology.

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 58.58 million registered lines (in a country of approximately 48.2 million inhabitants) at the end of 2016. Approximately 79 percent of the lines work through prepaid services, according to the latest MinTic quarterly report.

The number of fixed lines in Colombia has seen a gradual decline over the last decade. There were 7.1 million fixed telephone lines in Colombia at the end of 2016, down from 7.8 million in 2007. Although demand for voice services is declining, mobile data is expanding rapidly and helping to drive the market.

In May 2012 the U.S.-Colombia Trade Promotion Agreement (TPA) came into effect, including a chapter dealing specifically with ICT services. This chapter regulates access to the use of public telecommunication services and stipulates a series of obligations pertaining to suppliers of public telecommunication services, including interconnection, resale of services, number portability, and dialing parity. It also defines the obligations for major suppliers of ICT services, such as treatment by major suppliers, competitive safeguards, resale of services, unbundling of network elements, interconnection provisions, co-location, provisioning and pricing of leased circuits services, and access to poles, ducts, conduits, and rights of way.

The TPA telecommunications chapter also regulates the operation of submarine cable systems. It establishes conditions for the supply of information services, the operation of independent regulatory bodies and government-owned telecommunications suppliers, and the resolution of telecommunications disputes, among others. In general, the Telecommunications chapter fosters transparency, equal treatment, and a clear framework for U.S. companies operating in Colombia, and vice versa.

Trade Events

ANDICOM (Influential Latin American ICT Congress and Industry Event)

August 23–25, 2017

Cartagena, Colombia

Tecnomultimedia Infocomm (Audio/video Congress and Trade Show)

November 14-16, 2017

Bogotá, Colombia

Andiana Link Cartagena (Andean Regional Telecommunications Trade Show)

March 6-8, 2018

Cartagena, Colombia

Web Resources

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Key Contacts

Business Monitor International

Business Monitor International - Industry Forecasts

Colombian Chamber of Information and Telecommunications

Colombian Statistics Bureau (DANE)

Commission for Communications Regulation (CRC)

Euromonitor International

Ministry of Commerce, Industry and Toursim – Productive Transformation Program)

Ministry of Commerce, Industry and Toursim (MinCIT)

Ministry of Information Technologies and Communication (MinTIC)

MinTIC- Live Digital Program (Vive Digital)

National Planning Department (DNP)

Organisation for Economic Co-operation and Development (OECD)

Private Competitiveness Council (CPC)

ProColombia (Export Promotion, Tourism and Investment)

World Economic Forum - Network Readiness Index

Infrastructure

Overview

It has been a difficult year for many sectors in the Colombian economy where uncertainty and corruption scandals have gained the spotlight, but few sectors have created more stress to the government than infrastructure. Most of Latin America, including Colombia, has been hit by scandals involving the Brazilian construction firm Odebrecht, whose employees are being investigated for bribing high ranking government officials in exchange for favors like granting of construction and environmental licenses. In addition to corruption scandals, the low price of oil will also challenge infrastructure projects since it is the main source of government revenue used to finance these projects. Moreover, with the approach of presidential elections in 2018, there might be a temporary slowdown in procurement and tenders in this sector.

One of the most notable projects in President Santo's government has been the ambitious Fourth Generation (4G) public-private partnership (PPP) infrastructure program, which continues to advance slowly five years after its inauguration. The National Infrastructure Agency (ANI) has finally awarded 32 concessions out of 33 planned roads – where 21 are part of the 4G wave and the remaining from private initiatives presented by construction companies. Of the awarded concessions, eight projects have secured financing, enabling concessionaires to start construction, while the remaining projects are still trying to secure financing. The eventual completion of the 4G program is expected to have a positive impact on Colombia's economic competitiveness by lowering relatively high logistical costs that hamper the country's productivity and drive up costs of consumer goods and industrial inputs.

Current State of Infrastructure

Airports: Air travel continues to be a growing sector in Colombia, where passenger air travel grew 4.8 percent in 2016 and mobilized over 35.7 million passengers. Cargo transport grew 3.4 percent when compared to the previous year (2015). Colombians are accustomed to traveling by air between major cities due to poor roads and a mountainous topography that make driving a less appealing alternative. Car travel between Colombia's main cities takes between seven and 18 hours compared to 30-60 minutes by plane.

There are significant projects currently underway at Colombia's airports, with modernization and expansion of more than 25 national and smaller, regional airports. Bogotá's El Dorado airport recently inaugurated a new terminal that will facilitate growing traffic in Latin America's third-busiest hub for passengers and busiest hub for cargo. The substantial increase in air traffic over the last five years

in Colombia has already put pressure on this new terminal and an expansion project is being planned for 2017. Additionally, the old control tower has been demolished, which has allowed for more space for jet bridges. There are also plans for an El Dorado 2 airport in Bogotá, but this project is still in the early phase of development.

Other significant projects currently undergoing execution include the renovation of the Barranquilla Airport (project value of USD 120 million), which includes terminal modernization, upgrade to the landing strip, and building new cargo areas. Similar concessions are in place for the smaller airports of Armenia, Popayan, and Cartago. The Cali Airport also recently completed a new international terminal, a project valued at over USD 65 million. The terminal was inaugurated in the first quarter of 2017 and added five new jet bridges. Additionally, the Rio Negro airport is currently undergoing a massive transformation (approximately USD 85 million), and the construction of a second landing strip is being contemplated. The Cartagena airport is also discussing expansion plans to start in 2018 that would be valued at USD 170 million. Overall, the Government of Colombia expects to spend over USD one billion over the next few years on airport modernization projects.

Seaports: Colombian sea terminals are at capacity and therefore continuously receiving upgrades, including the expansion of container yards, building refrigerated cargo facilities, among other modernization projects. Current ventures include a USD 250 million project for Buenaventura, a USD 180 million project for Barranquilla, and a USD 100 million project for Santa Marta. All Colombian seaport terminals are seeking to increase the efficiency of their operations. As a result, the following investments are being made:

- Security systems (basic equipment like night vision cameras and sophisticated equipment like non-intrusive scanners);
- Canal dredging;
- Green technologies to lower pollution emissions affecting local populations;
- Navigation systems.

A new terminal on the Pacific coast, known as Aguadulce, was recently inaugurated with an investment of over USD 500 million.

Riverine ports: The Brazilian construction firm Odebrecht was a stakeholder in the Navelena consortium, which was in charge of developing the navigability of Colombia's Magdalena River. Through an investment of over USD 800 million and the dredging of more than 600 miles of river, the project envisions creating a "Mississippi River" in Colombia that facilitates commerce from the center of the country to the Caribbean port of Barranquilla. However, the recent global corruption scandal involving Odebrecht has suspended the project and revoked the company's

concession to the Magdalena River project. The project is scheduled to re-open for public tender by end of year 2017.

Urban Transportation: Colombia's most ambitious urban transportation project to date, the development of the Bogotá Rail Metro, has seen a number of different proposals over the last fifty years, most of which have not materialized due to a lack of funding. The latest proposal under Mayor Peñalosa involves building a system with 28 stations over 27 kilometers at above and below grade. The estimated cost of the first line is USD 7.5 billion, with a completion date of 2021. However, the project is in the initial stages and there is uncertainty regarding delivery dates and total cost, not to mention the fact that this project has a track record of not getting beyond the planning and design phase. Should it reach fruition, U.S. companies could be key players by participating in the architectural design, construction, and engineering of this metro rail project.

Roads: The Fourth Generation (4G) program envisions a USD 16 billion investment to build over 4,400 miles of new roads, 88 miles of tunnels, and 94 miles of bridges before the end of the decade. The program involves concessions for over 20 highways and roads and, over the last few years, the project's first two phases adjudicated 19 of the 40 concessions. However, there have been issues with financing the third and fourth phases of project, due in part to lower global oil prices and dwindling government revenue.

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 to lessen the relatively high costs of shipping goods over land.

The execution of the projects mentioned above involves private and public finances from local and international banks, including Goldman Sachs, ITAÚ (Brazil), and Sumitomo (Japan). So far only a few American banks have demonstrated interest in participating in the financing of the 4G projects. Generally, American companies have not been very keen on participating in the 4G program due to the uncertainty surrounding cost recovery, the high risk associated with the construction 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 and architectural design.

Rail: Colombia has 2,400 kilometers 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. In late 2016, the company Trafigura suddenly withdrew from the Ferrocarril Del Pacifico rail project, abruptly selling their operations and breaching their contract with the Colombian authorities (ANI). Trafigura alleges the government was at fault by not complying with several obligations, such as keeping the tracks clear of illegal squatters and the issue of illegal mining, which would put their operation and company reputation in jeopardy.

Leading Sub-Sectors

Best prospects in the transportation and infrastructure sectors include:

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

Opportunities

On May 15, 2017, the U.S.-Colombia Trade Promotion Agreement (TPA) celebrated its fifth anniversary. Thanks 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 strong protections for U.S. investors (Colombia ranks 6th in the world for legal stability), expanded access to the services market, market access for used goods, increased transparency, and improved dispute settlement mechanisms (arbitration). Under the National Treatment Caveat, Chapter 9 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

November 22-25th, 2017

Cartagena, Colombia

Web Resources

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Key Contacts

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National Agency of Infrastructure (ANI)

Medical Equipment

Overview

Table 7: Colombia Medical Equipment Production Data

Year	2014	2015	2016
Imports from the U.S.	USD 432,230,027	USD 396,751,527	USD 317,925,695
Imports	USD 1,205,118,962	USD 1,118,949,272	USD 954,647,280
Exports	USD 49,219,900	USD 48,977,384	USD 47,652,285
Total Market Size	USD 1,390,000,000 (est)	USD 1,193,300,000 (est)	USD 1,197,100,000 (est)
Exchange Rate	1 USD = COP 1,997.83	1 USD = COP 2,748.78	1 USD = COP 3,050.15

Sources: World Trade Atlas (HS Codes 9018-9027- Direccion de Impuestos y Aduanas Nacionales de Colombia – DIAN); BMI

Colombia was the 25th largest market for U.S. medical equipment exports in 2016, with annual exports valued at USD 318 million. The Colombian medical device market relies on imports, which make up about 86.5 percent of the market. 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.

A slowing economy and devaluation of the Colombian Peso over the past several years has had a negative effect on imports of medical devices and will constrain market growth during 2017. According to Business Monitor International, Colombia's medical device market will record an annual growth rate of 7.3 percent in US dollar terms in 2015-2020, up from 4.1 percent in 2010-2015. The dollar growth rate will reflect the depreciation of the peso.

U.S. imports make up the largest share of the Colombian market, accounting for around one-third of all medical equipment imports. Currently, the strongest competitors are China, Germany, Mexico and Japan, with China quickly increasing market share. Since the implementation of the TPA, tariffs on 96 percent of U.S. medical equipment exports to Colombia went from an average of 7.6 percent to zero. 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 and Turkey.

The top U.S. medical equipment exports to Colombia include instrument and apparatus such as electro medical instruments, electro-diagnostic apparatus, diagnostic reagents, and medical supplies. It also includes syringes and needles, orthopedic and fracture articles and prosthesis.

According to INVIMA (Colombia's equivalent to the US FDA), as of 2015 Colombia had 254 certified medical equipment manufacturers and 1,445 certified importers of medical equipment between national and international companies.

The country's healthcare infrastructure is adequate in the larger urban areas but is in need of modernization. Colombia has the most extensive health insurance system and medical financial protection in Latin America. Law 100 of 1993 created the social security system and covers standards governing healthcare in the country. In 2014, there were 45.6 million people covered by the system, or 95.5 percent of the population.

According to a study by America Economia Intelligence, seven of the 20 best hospitals and clinics in Latin America in 2017 are located in Colombia (followed by Brazil with four). In third place is Fundacion Valle del Lili in Cali, in seventh is Fundacion Cardioinfantil in Bogotá, in eighth is Fundacion Cardiovascular de Colombia in Bucaramanga, in ninth is Hospital Pablo Tobon in Medellin, in thirteenth is Centro Medico Imbanaco in Cali, in sixteenth is Hospital Universitario de San Vicente in Medellin, and in twentieth is Clinica las Americas in Medellin.

Regarding procurement and transparency practices, the launch in February 2017 of an inter-American coalition on ethical business practices for medical device manufacturers, distributors and healthcare professionals, will strengthen regional transparency and integration and fight corruption. Inter-American harmonization of ethical business practices will follow the steps undertaken by Asia Pacific economies in the medical device sector, and will support efforts to advance global harmonization.

Intellectual Property Rights

The TPA requires high levels of intellectual property protection and enforcement consistent with U.S. and international standards and will support the growth of trade in valuable digital and other intellectual property-based products. The TPA also provides enhanced protections for trademarks, copyrights, and patents, such as the implementation of a Colombian electronic trademark application system and online database, prohibition on the circumvention of technological protection

measures used by copyright holders, and requirements for the parties to provide robust patent and test data protection.

Leading Sub-Sectors

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

- Medical, surgical, dental and veterinary instruments;
- Electro-diagnostic apparatus;
- Orthopedic devices, hearing aids;
- Prosthetic devices;
- Diagnostic imaging equipment;
- Laboratory equipment and consumables;
- Ultrasound, mammography, and cardiovascular equipment;
- Dermatological and laser treatment apparatus and apparel (boosted by medical tourism and growing demand for plastic surgery);
- Intensive care, cardiology, neurology and oncology related equipment;
- It is expected that a number of Colombia's clinical laboratories will be upgraded in the near future, which will provide an opportunity for exporters of clinical laboratory equipment. Opportunities also exist in medical, surgical, dental and veterinary instruments and electro medical equipment.

Opportunities

In 2016 Colombia imported medical equipment and supplies valued at USD 955 million. Of this total, USD 318 million was from the United States. The medical device industry is concentrated around the capital of Bogotá. Per capita spending on medical devices is average for the region. While there is some domestic capacity for manufacturing basic items, the medical device market is heavily reliant on imports, especially for more high-tech items. A few multinationals manufacture within the country. Colombia has a domestic production capacity for basic items such as surgical and dental instruments, orthopedic appliances, bandages, x-ray equipment, thermometers, syringes and catheters, but there is no production of sophisticated medical devices.

In addition, the Colombian government is promoting the country as a destination for medical tourism. Colombia is well known in Latin America and the rest of the world as a pioneer and leader in health services, positioning the country as one of the most attractive destinations to receive medical treatments. This trend is an important market opportunity for the United States because the success of this industry requires high quality standards, technology, and infrastructure. As a result, Colombian hospitals and clinics are upgrading existing facilities, adding/updating medical equipment and providing English language training for their staff. Over

41,000 tourists entered the country in 2014 to have medical treatments. This figure represents 1.98 percent of the total number of tourists and USD 28.8 million in service exports.

The best approach to enter this market is through distributors, as companies prefer to buy from someone located in Colombia who can provide after-sales services. Although distribution and sales of imported medical equipment in Colombia is handled principally through importers, distributors, representatives, and agents, an increasing percentage of materials, supplies, and equipment are imported directly by end-users. U.S. manufacturers should maintain close contact with end-users and provide training and demonstrations so end-users can familiarize themselves with the equipment. This strategy is being used effectively in Colombia by European and Japanese manufacturers.

Registration Process

U.S. companies should be aware that medical devices require registration with INVIMA (Instituto Nacional de Vigilancia de Medicamentos y Alimentos), the country's medical device regulator. 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:

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

The Medical Devices sector is highly regulated and supervised. Decree 4725 of 2005 is the main guide 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:

- Decree 1571 of 1993 it provides diverse specifications for blood centers;
- Decree 3770 of 2004 regulates sanitary records and sanitary surveillance for the diagnostic reactive;
- 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);
- Law 9 of 1979 under Title VI Drugs, Medicaments, and Cosmetics and related categories, sets the basic regulations for medical devices; it also sets sanctions and prohibitions.
- Resolution 004816 of 2008, techno vigilance criteria and activities;

- Resolution 1319-1310- GMP (good manufacturing practices) for the customized medical devices manufacturing and processing;
- Resolution 2434 of 2006: remanufactured and repowered biomedical equipment Class II;
- Resolution 4002 of 2007 regulates the scope of a Certificate of Storage Capacity;
- 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;

Trade Events

Beauty and Health Fair

September 27- October 1, 2017

Bogotá, Colombia

Meditech Colombia (Healthcare and Medical Care Trade Show)

June 2018

Bogotá, Colombia

Web Resources

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Key Contacts

Ministry of Health and Social Protection (MinSalud)
National Institute for Food and Medicine Vigilance (Invima)

Processed Foods and Beverages

Overview

Table 8: Colombia Processed Food and Beverages Import Data, 2015-2016

Country	Ranking	Import Value FY2015 (million dollars)	Import Value FY2016 (million dollars)	Change
Total		1,750	1,746	-0.30%
United States	1	590	512	-13.18%
Chile	2	318	237	-25.35%
Mexico	3	103	159	55.5%
Brazil	4	95	150	207.8%
Peru	5	80	110	15.83%
Other countries		603	577	-3.36%

Source: Global Trade Atlas

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 their chilled and frozen storage facilities. Also, producers are set to benefit from further retail expansion beyond the largest four cities (Bogotá, 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 petroleum and 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, between 2017 and 2021 food sales will increase by an annual growth rate of 7.4 percent. Increasing stability in the country

is likely to bolster consumer confidence and therefore private expenditures as well as increase the amount and variety of food offered by firms on the market.

Processed Food[12]

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 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

[12] Processed Food forecasts are based on excerpts of the analysis done by Business Monitor International

and/or minerals). This niche has proven to be successful as a result of increasing demand for sophisticated products. This has been driven by the growing presence of value-added products in response to the increasingly sophisticated taste of consumers.

Alcoholic Drinks: Women are becoming an important niche market for alcoholic beverages, demanding more sophisticated drinks and flavors. Beer is the most highly demanded alcoholic beverage. Per capita beer consumption is about 44 liters per year (11.62 gallons). The extensive growth of wine sales in Colombia in recent years can be attributed to income shifts and urbanization, with most wine being supplied by 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.

Source: GAIN Report-Colombia-Exporter Guide 12/22/2016

Leading Sub-Sectors

Table 9: Colombia Food and Beverage Imports by Product Category and Country, FY 2016

Product Category Harmonized System Code	**Rank**	**Country**	**Import Value** **(millions USD)**
Dairy Products		**Total**	**137**
HS 04	1	United States	69
	2	Mexico	29
	3	France	5
	4	Poland	4
	5	Uruguay	4
		Other countries	26
Edible Fruit and Nuts		**Total**	**206**
HS 08	1	Chile	121
	2	United States	34

	3	Peru	15
	4	Spain	7
	5	France	6
		Other countries	23
Coffee, Tea, Mate and Spices		**Total**	**33**
HS 09	1	Peru	9
	2	Sri Lanka	8
	3	India	3
	4	Brazil	2
	5	Ecuador	2
		Other countries	9
Milling, Malt and Starches		**Total**	**29**
HS 11	1	Chile	7
	2	Brazil	4
	3	United States	4
	4	Paraguay	4
	5	Canada	2
		Other countries	8
Edible Preparations of Meat, Fish, Crustaceans, Mollusks		**Total**	**234**
HS 16	1	Ecuador	121
	2	Duty Free (Cartagena)	59
	3	United States	30
	4	Chile	13

	5	Spain	4
		Other countries	7
Sugars and Sugar Confectionary		**Total**	**163**
HS 17	1	Ecuador	36
	2	Peru	30
	3	Brazil	25
	4	Mexico	22
	5	United States	12
		Other countries	38
Cocoa and Cocoa Preparations		**Total**	**73**
HS 18	1	United States	20
	2	Ecuador	17
	3	Brazil	6
	4	Peru	5
	5	Argentina	4
		Other countries	21
Preparations of Cereals, Flour, Starch or Milk; Bakers' Wares		**Total**	**202**
HS 19	1	Mexico	44
	2	United States	32
	3	Chile	31
	4	Peru	21
	5	Ireland	13
		Other countries	61

Preparations of Vegetables, Fruit, Nuts		**Total**	**132**
HS 20	1	United States	44
	2	Chile	19
	3	Belgium	17
	4	Mexico	10
	5	Netherlands	7
		Other countries	35
Miscellaneous Edible Preparations		**Total**	**332**
HS 21	1	United States	105
	2	Brazil	78
	3	Mexico	36
	4	Peru	13
	5	Uruguay	13
		Other countries	87
Beverages, Spirits and Vinegar		**Total**	**422**
HS 22	1	FTZ-FEMSA	150
	2	United Kingdom	38
	3	United States	29
	4	Chile	29
	5	Mexico	27
		Other countries	149

Source: GAIN Food Service Report 2016 USDA -Global Trade Atlas

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. Imports of wine in Colombia have almost doubled since 2008, reaching USD 63.81 million in 2016. Over half of these imports come from Chile and Argentina, followed by France, Spain, and Italy. California wines have a favorable and growing reputation with Colombian consumers and the key for U.S. exporters is to match price points offered by Chilean and Argentine producers.

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

Table 10: Colombia Duty-Free Processed Food and Beverages Data

Product Name
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

Market Entry Success Tips

- Competition is based on quality, price and service
- Innovative marketing strategies are imperative in order to penetrate the market;
- Social marketing techniques continue to be very strong, using sales to generate funding for social programs;
- 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 and Fancy Food Show, which are great opportunities for U.S. exporters to meet and educate Colombian importers;
- Use consolidation when exporting small amounts of product;
- Establish direct contact with hotel and restaurant chains;
- Develop, to the extent possible, Spanish marketing/communication materials;
- 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;
- Support the importer with promotional campaigns.

Table 11: Colombia Advantages and Challenges for U.S. Processed Food and Beverages 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 is low, such as bread, 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 National Institute for Food and Medicine Vigilance (Invima). It is necessary to obtain a Mandatory Sanitary Notification

(Sanitary Registry). According to Decree 3075 of 1997, product registration is NOT required for:

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

A transformed product is defined by the GOC as one subject to processing, which results in a significant change of 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 5 years;
2. Product permits for intermediate risk products are valid for 7 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 GOC 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 Bogotá. A translator approved by the Ministry of Foreign Affairs must translate these documents into Spanish.

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

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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.

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.

Trade Events

ALIMENTEC (International Food and Hospitality Trade Show)

June 5 -8, 2018

Bogotá, Colombia

Web Resources

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Key Contacts

Colombian National Tax and Customs Directorate (DIAN)

Colombian Institute of Technical Standards and Certification (ICONTEC)

National Industries Association (ANDI)

National Institute for Food and Medicine Vigilance (Invima)

USDA Foreign Agricultural Service – Global Agricultral Information Network (GAIN)

Travel and Tourism

Overview

Table 12 – Colombia Travel and Tourism Data

Year	Total Visitors	Percentage Growth
2013	748,000	24%
2014	881,000	18%
2015	854,000	-3%
2016 (estimated)	845,000	-1%
2017 (estimated)	820,000	-3%

Sources: Office of Tourism Industries; International Trade Administration; U.S. Department of Commerce, U.S. Travel Association; Ministry of Commerce and Tourism

In terms of international travelers to the United States, Colombia ranked thirteen in 2016, with 845,000 travelers, a one percent annual decrease. The slight decline in visitors can be attributed to the relatively weak Colombian peso and weaker consumer spending in 2016, which resulted from a tax reform package that raised the country's consumption and other taxes.

According to the International Air Transport Association (IATA), Colombia and the region will lead growth in tourism over the next 10 years. The Travel and Tourism market represents approximately 5.9 percent of Colombia's economic output and is becoming one of the country's primary economic engines, ranking just behind the oil sector as a source of foreign exchange. Colombia's Ministry of Commerce, Industry and Tourism (MinCIT) announced that the country's tourism revenues reached nearly USD 5.7 billion in 2016, an annual increase of 8.6 percent. The country received more than 2.5 million foreign tourists in 2016, an annual increase of 13 percent. Revenues from tourism have nearly doubled since 2010, according to MinCIT, and the government's goal is to reach USD six billion in tourism revenues by 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 20 new international routes for 15 airlines. The latest announcement is by American Airlines which will offer a direct route between Miami and Cartagena starting in December 2017.

The Colombian Government is making rural development and tourism high priorities for both ensuring that the recently signed peace agreement with the FARC is sustainable and for diversifying the economy away 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 has 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 decreases, 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 could 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 2.3 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 for approximately seven 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 15, 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) 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.

Five U.S. airlines provide non-stop, daily flights between Colombia and the United States; Delta (from Atlanta and New York), United Airlines (from Houston and New York), American Airlines (from Miami and Dallas), Spirit (from Fort Lauderdale and New York) and Jet Blue (from Orlando, Fort Lauderdale and New York). Non-U.S. airlines (Copa, LATAM) 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.

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, selecting other countries for their vacation plans. Latin American countries, especially Argentina, Brazil, Panama, Mexico and Ecuador, have become increasingly popular destinations. 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 travel 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;
- Eco-tourism 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, bird watching hubs, corridors);

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 thermals infrastructure and thalassotherapy;

The luxury segment is growing. 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.

The increasing flow of foreign passengers 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. Marriott opened a new hotel in Cali in 2015 and is planning to open 10 more in the following three years; 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 road 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, with 261 rooms, and will open two hotels in Bogotá, their first Grand Hyatt hotel with 373 rooms in 2017, and a Hyatt Place in 2018. Additionally, Sonesta and Decameron have announced their plans to build hotels in the cities of Bogotá, Medellin, Cali and Cartagena, with 52 new hotels (4,600 rooms) to be completed by 2017.

According to government agency ProColombia, local governments offer incentives in the form of an income tax exemption for a period of 30 years for hotel services in newly constructed and/or expanded hotels between 2003 and December 31, 2017. Ecotourism services receive this benefit for 20 years, beginning in 2003. Once the benefit expires, these companies will be subject to the general 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 over 40 years.

Trade Events

Vitrina Turistica - Annual trade show organized by the Association of Travel Agencies and Tourism (ANATO)

February 21-23, 2018

Bogotá, Colombia

Web Resources

Julio Acero

U.S. Commercial Service Bogotá

Phone: 571-275-2635

Email: Julio.Acero@trade.gov

Key Contacts

Colombian Association of Travel Agencies and Tourism (ANATO)

Colombian Special Administrative Unit for Civil Aeronautics (UAEAC)

Ministry of Commerce and Tourism (Mincit)

Office of Travel and Tourism Industries

Water Treatment Systems

Overview

Table 13: Colombia Water Treatment Equipment Production Data (USD Thousands)

Year	2015	2016	2017 (Estimated)
Local Production	32.1	33.7	32.6
Imports	498.7	511.3	515.5
Exports	22.7	23.6	24.0
Total Market Size	508.1	521.4	524.1
Exchange Rates	1 USD = 2,748.78 COP	1 USD = 3,050.15 COP	1 USD = 3,014.75 COP

Total market size = (Total local production + imports) - exports)

Of the total Colombian population of 48.2 million people, about 74 percent live in urban centers (32 million), about half are concentrated in eight major cities (Bogotá, Medellin, Cali, Barranquilla, Cartagena, Cucuta, Bucaramanga, and Santa Marta) and the rest are distributed in 1,000 municipalities and rural areas.

The country's estimated coverage of urban potable water infrastructure reaches 97 percent of the population; 91 percent has sewer coverage and only 31 percent has wastewater treatment systems in place. In rural areas, only 73 percent has access to potable water and only 70 percent access to sewer pipeline networks with no wastewater treatment. The Municipal Services Superintendence estimates that 62.7 percent of wastewater goes untreated due to the small number of basic treatment facilities.

Based on the above information, the government has estimated service deficits for 3.9 million people lacking aqueduct services and some 6.4 million lacking sewer infrastructure, with planned investments of about USD 13 billion (COP 44 billion) over the next ten years. Most of these investments will come from the central budget, but the government aims to attract private sector developers with their own financing arrangements.

Given the large negative health impact of pollution in general in Colombia, the Ministry of the Environment is improving environmental regulations and strengthening enforcement and capacity building activities nationwide in order to help Colombian companies comply with free trade agreement commitments. Key focus areas for enforcement and implementation include integrated water resource management and monitoring systems, water and wastewater treatment and sewerage systems, underground water supply, and toxic and hazardous waste collection and disposal.

Colombia is a regional leader in the development and implementation of a wastewater pollution "tax" (*tasa retributiva*). However, only a few environmental agencies have established regional funds to finance wastewater treatment facilities. Cities such as Bogotá and Medellin own wastewater treatment plants and are developing new projects such as Bello, Salitre II and Canoas wastewater treatment plants.

With the ratification of the US-Colombia Trade Promotion Agreement in May 2012, about 79 percent of U.S. environmental goods and equipment received duty-free treatment immediately, improving the competitive advantage of U.S. exporters. The remaining equipment tariffs will be eliminated over a period of up to 10 years.

Leading Sub-Sectors

- Water and wastewater treatment plants;
- Pumps, pipes, valves;
- Advanced filtration and disinfection systems;
- Primary and secondary treatment systems;
- Sludge disinfection and dewatering/drying systems.

Opportunities

The outlook for the Colombian water treatment sector is promising since the government is developing several new waste water treatment projects including Salitre II and Canoas (Bogotá), and the completion of Medellin's Bello wastewater treatment plant.

Trade Events

Colombian Association of Environmental Engineering (ACODAL) 2017

May 31 - June 2, 2017

Las Americas Convention Center

Cartagena, Colombia

Web Resources

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Key Contacts

Institute of Hydrology, Meteorology and Environmental Studies (IDEAM)

Ministry of Environment and Sustainable Development

National Planning Department (DNP)

U.S. Trade and Development Agency (USTDA)

Water and Basic Sanitation Regulatory Commission (CRA)

Customs, Regulations & Standards

Trade Barriers

Despite the efforts mentioned above 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 14 – 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, such as the Ministry of Mines and Energy (MME) decree that prevents ethanol imports except when it determines domestic production falls short.

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: On April 15, 2012, the United States and Colombia reached agreement on U.S. rough rice market access under the FTA. The FTA provides access for U.S. rough rice only into the municipality of Barranquilla pending the completion of a pest risk assessment for rice smut disease, conducted by the Colombian Institute of Agriculture and Livestock (ICA). The United States seeks access to all Colombian ports as well as a revision to the methyl bromide fumigation requirement.

Sanitary and Phytosanitary Measures: Colombia has removed all Bovine Spongiform Encephalopathy (BSE) restrictions on live cattle, bovine meat, and meat products. However, there are remaining restrictions for live cattle related to requirements for Bovine Leucosis and Blue tongue virus. Market access for bone-i beef products will require the annulment or modification of two decrees (Decree 3755 and Decree 3752 of October 27, 2006) from the Colombian Ministry of Health restricting market access to de-boned beef only, independent of the BSE status of the country of origin.

The GOC committed to work on the annulment/modification of the two decrees, but as of now after multiple meetings and high level engagement, the GOC has yet to resolve this issue.

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 for 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 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 the 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. U.S. exports to Colombia have increased by over thirty percent in the three years since the FTA entered into force.
- 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 US$ 5,000 FOB.
- Fill out the Import Declaration ('Declaración de Importación'). When the import value is equal or more than US$ 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

U.S. exporters should be aware that the U.S. Government may prohibit the export of certain products to Colombia or require an export license. The Department of Commerce's Bureau of Industry and Security (BIS) Office of Export Enforcement licenses most controlled product and technology exports. Licenses are required for certain high technology items or technology transfers and items with dual use potential (commercial items which could have military applications).

In recent years there have been increased restrictions on the export of precursor chemicals to Colombia, due to concerns they may be utilized by narcotics traffickers to produce drugs.

For more information on U.S. export compliance and enforcement licensing issues contact:

U.S. Department of Commerce

Bureau of Industry and Security (BIS)

Phone: 202-482-1208 | 800-424-2980

For information on the export of defense articles, weapons, and firearms contact:

U.S. State Department

Defense Trade Controls Directorate (DDTC)

Phone: 202-663-2700

Fax: 202-261-8264

Temporary Entry

Non-fungible merchandise that can be thoroughly identified by marks, serial numbers, or other symbols can be temporarily brought into Colombia for specific purposes. The merchandise must be re-exported immediately after the pre-authorized period, without any alteration or modification, except for the normal deterioration caused by use.

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

Demonstration Equipment: The international carnet system for temporary imports of demonstration equipment (for promotional campaigns or trade shows) is not in effect in Colombia. Instead, DIAN requests that visitors bringing in equipment for demonstration purposes fill out a special form provided upon arrival at an international airport. The equipment may stay in the country up to 90 days. There is no deposit requirement.

Long-Term: Colombian Customs regulations also allow temporary imports of equipment for a period of up to five years. Under this regulation, the Government allows companies to import machinery and equipment as well as related accessories and spare parts if they are included in the same one-time-only shipment. This system is applied to equipment to be used in public works projects and other activities that are important for national economic and social development.

Long-term temporary imports are also approved for machinery and equipment brought into the country under leasing contracts within a term of six months to five years.

Long-term customs declarations for temporary imports must include the U.S. dollar calculation of duties and taxes in accordance with the tariff schedule effective on the submission date. The total amount may be divided into equal quotas to be paid semi-annually, during the temporary import period. The importer may be required to guarantee an equivalent of 100 percent of the import duties. Import duties are non-refundable.

Short Term: Merchandise imports for a specific purpose during a period of time that should not exceed six months; one three-month extension can be requested and approval must be obtained before expiration of the initial authorization. Short-term imports are not subject to import duties, but a guarantee equivalent to 10 percent of the corresponding import duties must be presented to obtain approval.

Labeling/Marking Requirements

Specific marks or labels are not required, except for food, pharmaceutical products, and textiles. Labels on processed food products must indicate: the specific name of the product, ingredients in order of amount, name and address of manufacturer and importer, country-of-origin, number of units, instructions for storage and usage (when required), expiration date, and other instructions as required by the Ministry of Social Protection or the Industry and Commerce Superintendent. Labels and illustrations cannot be inaccurate or misleading.

Labels on pharmaceutical products must indicate in Spanish: "for sale under medical, dental or veterinary prescription," with the generic name, commercial name, net weight or volume, weight or quantity of active ingredients, license number and the lot control number. Products having limited shelf life should include the date of expiration.

Insecticides and other toxic products should display the skull and crossbones, the word "poison" in Spanish, and information regarding usage and antidotes. Products for which there are no antidotes cannot be licensed and can only be used in programs under the direct control of public health authorities.

There are various inconsistencies regarding labeling in the alcoholic beverages and spirits industry that affect both nationals and foreigners, and relates to taxation associated to labeling and recipients. This is expected to be resolved in the near future by a final decree dealing with the different aspects of alcoholic beverage production, distribution, sales and trade.

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 & 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.

The GOC has maintained restrictions on live cattle imports since late 2003 due to Bovine Spongiform Encephalopathy (BSE), bovine leucosis and bluetongue disease. The United States received the "negligible risk" classification from the World Organization for Animal Health (OIE) with recognition from the Colombia authorities; however, as of now, there have been no adjustments to the regulation. In addition, GOC's requirements for live cattle, including testing for the bluetongue virus and dam testing for leucosis, are overly restrictive, placing an economic burden for U.S. industry, effectively preventing the export of any U.S. live cattle.

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 and over 90 private entities including product certifiers, product inspectors, and accredited testing, calibration

and assay laboratories, 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

Manufacturers and importers of products regulated by official mandatory technical standards or technical regulations need to register themselves in SIC's Mandatory Registry prior to selling products in Colombia. Products can be tested in accredited laboratories to obtain the certificate of conformity and SIC accepts certificates issued by accredited certification entities, such as members of the International Accreditation Forum (IAF) multilateral agreement.

The Ministry of Commerce, Industry and Tourism eliminated the mandatory status for the majority of products previously covered. SIC is working with other government agencies to develop technical regulations for products that present threats to health, safety, environment, or national security. Under WTO commitments, the Colombian government must submit draft technical regulations for comment prior to the new regulation's entry into force.

Accreditation

Colombia' National Organization of Accreditation (ONAC) has a detailed list of accredited entities such as inspection entities, personnel and product certification, clinical laboratories, calibration and assay laboratories, available at ONAC's website.

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 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 not required for products, except for food, pharmaceutical, and textiles 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)

Daniel Rico

Point of Contact for Technical Barriers to Trade, Sanitary and Phytosanitary Measures (WTO/SPS)

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Colombian National Accreditation Organization (ONAC)

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National Metrology Institute (INM)

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Superintendent of Industry and Commerce (SIC)

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Delegate for Control and Verification of Technical Regulations and Legal Metrology

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U.S. Commercial Service – Bogotá

Julio Carbó

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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 increased security, 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 South America. While the Colombian government has taken significant steps to open the country to global trade and investment, the country's rate of GDP growth declined to 2 percent in 2016, after an average GDP growth rate over 4 percent for the past decade. In the World Bank's 2017 Ease of Doing Business Report, Colombia ranked 53 out of 190 countries and fourth in the region, behind Mexico, Chile, and Peru. Since 2014 Colombia has also struggled to adapt to the sustained dip in world oil prices, its largest export, and a significant devaluation of the peso.

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 and intellectual property rights protections have improved. However, the proliferation of piracy and counterfeit products are significant challenges, and among the primary reasons Colombia remains on the U.S. Trade Representative's Special 301 Watch List.

The Colombian government has made a concerted effort to develop efficient capital markets, attract investment, and create jobs. In December 2016, President Santos approved a long awaited tax reform bill that entered into force on January 1, 2017. The increased revenue from the reform will help Colombia lower the country's growing fiscal deficit and was key to maintaining Colombia's BBB investment-grade credit rating for the time being. Restrictions on foreign ownership in specific sectors still exist. FDI increased 16 percent 2016 relative to 2015, largely due to increased investment in the agricultural, electricity, transport and financial services sectors, despite continued reduced investment in the extractives industry. Colombia's average annual unemployment rate ended a seven year consecutive decline, rising to 9.2 percent in 2016. About 49 percent of the workforce is in the informal economy according to the Colombian Statistics Bureau (DANE). Colombia enjoys a skilled workforce throughout the country, as well as managerial-level employees who are often bilingual.

Security in Colombia has improved significantly in recent years, with kidnappings down 93 percent from 1999 to 2015. In 2016, Colombia experienced a significant decrease in terrorist activity, due in large part to a bilateral cease-fire between government forces and Colombia's largest terrorist organization, the Revolutionary Armed Forces of Colombia (FARC). 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. Colombian government figures show that the number of terrorist acts decreased 55 percent from 2015 to 2016. Worries remain that new criminal actors, instead of the government, could take over former FARC areas. Despite the National Liberation Army (ELN) conducting ongoing negotiations with the government in Quito, Ecuador, beginning in January 2017, the group continues a low-cost, high-impact asymmetric insurgency. ELN attacks, including continued attacks on energy infrastructure and bombings in Bogotá in 2017, alongside powerful narco-criminal group operations, are posing a threat to commercial activity and investment, especially in rural zones where government control is weaker. Coca production has dramatically increased since 2015, increasing by 67 percent.

Several majority state-owned enterprises, including electric utility company ISA, are considered models of professional management, competition, and excellent corporate governance. However, corruption remains a significant challenge in Colombia, as illustrated by a recent regional scandal involving Brazilian construction giant Odebrecht, which paid significant bribes to secure infrastructure contracts. The World Economic Forum's Global Competitiveness Index (2016-2017) placed Colombia at 61 out of 138 countries. The report cited security and corruption as among the biggest challenges for doing business in Colombia. The Colombian government continues to work on improving its business climate, but over the past year 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 15 – Colombia Investment Climate Data

Measure	**Year**	**Index/Rank**
TI Corruption Perceptions Index	2016	90 of 176

World Bank's Doing Business Report "Ease of Doing Business"	2016	53 of 190
Global Innovation Index	2016	63 of 128
U.S. FDI in partner country ($M USD, stock positions)	2015	USD 6,157
World Bank GNI per capita	2015	USD 7,140

Openness to, and Restrictions Upon, Foreign Investment

Policies Toward 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 ones. 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 government entity that promotes international tourism, foreign investment, and non-traditional exports in Colombia. Procolombia assists foreign

companies that wish to enter the Colombian market and addresses 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 receive special priority. Procolombia's "Invest in Colombia" web portal offers detailed information for opportunities in agribusiness, manufacturing, and services in Colombia.

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 are 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 operator; 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 service; 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 most open economies 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; there is a requirement, however, for the director or general manager to be a Colombian national.

According to the 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. However, there are export incentives relating to the operation of free trade zones.

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 only 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. 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 Organization for Economic Co-operation and Development (OECD), World Trade Organization (WTO), or the United Nations Conference on Trade and Development (UNCTAD).

Business Facilitation

New businesses have to first register with the chamber of commerce of the city in which the company will reside. Since May 2008, applicants can go online to register at the National Tax and Customs Directorate's (DIAN) web portal. The portal provides access to information and speeds up the process of starting a business. The chambers of commerce portals also offer clear and complete information (in

English) on the business registration process. Beside 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 Compensacion 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 up 19 spots from 80 to 61 on the 2017 Doing Business report in terms of starting a business. According to the report, starting a company in Colombia requires six procedures and takes an average of nine days, a considerable improvement in number of procedures and days over the past two years. Information on starting a company can be found at the Bogotá Chamber of Commerce's" Steps to Create a Company" webpage and Invest in Colombia's "Steps to Establish Your Company in Colombia online guide.

Outward Investment

Procolombia, the government's FDI promotion agency, also promotes Colombian investment abroad. The "Colombia Invests" web portal 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 Agreement and Taxation Treaties

The U.S.-Colombia CTPA entered into force on May 15, 2012 and improves legal security and the investment environment while eliminating tariffs and other barriers to trade in goods and services. The agreement grants investors the right to establish, acquire, and operate investments on an equal footing with local investors as well as investors of other countries with bilateral investment treaties or investment chapters in free trade agreements with Colombia. It also provides U.S. investors in Colombia protections that foreign investors have under the U.S. legal system, including due process and the right to receive fair market value for property in the event of an expropriation.

Colombia has thirteen free trade agreements or agreements of economic cooperation that include investment chapters with: United States, , 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 have not yet been ratified. There are ongoing FTA negotiations with Japan and Turkey. Another five agreements are being explored with Australia, China, the Dominican Republic, India, and Singapore. Additionally, Colombia has stand-alone bilateral investment treaties in force with China, India, Peru, Spain, Switzerland, the United Kingdom, and Japan.

Colombia has double taxation treaties with Spain, Chile, Switzerland, Canada, India, Portugal, Mexico, South Korea, France and the Czech Republic. Talks have concluded successfully with Belgium. Colombia is currently negotiating double taxation agreements with Germany, the Netherlands, Japan, Panama, and 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 nongovernmental organizations leading informal regulatory processes. The ministries generally consult with relevant actors, both foreign and national, when drafting regulations, but not always and sometimes with for very limited time lapses. Proposed laws are typically published as drafts for public comment, though not always, and the complexity of the subject is not necessarily taken into account.

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 greater administrative and financial independence from the executive branch. Colombia has completed its transition 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. For more information please see the Colombia's e-regulations website. 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

Since 2013, Colombia has been following a roadmap for accession to the, OECD. Colombia is part of the WTO, and the government generally notifies all draft technical regulations to the WTO Committee on Technical Barriers to Trade. 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 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. 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 process in Colombia.

Laws and Regulations on Foreign Direct Investment

Colombia has a comprehensive legal framework for business and FDI which 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.

Presidential Decree 119 of January 26, 2017 updated the regime (Decree 1068 of 2015) for foreign investments to increase competitiveness, export to more destinations worldwide, and promote investment by Colombians abroad. Among the main changes are the facilitation of several procedures for investors and the improvement of mechanisms for the Central Bank (Banco de la Republica), the tax authority (DIAN) and other authorities to supervise investment inflows. The decree also eliminates deadlines and unnecessary classifications of registration by type of investment. The new regime also revised the concept of "resident" and "nonresident" for tax related purposes. To be considered a resident, investors must remain in national territory for 183 days during calendar year, including days of entry and exit of the country. Also, every foreign investor must have a representative in Colombia with legal powers to comply with tax and exchange rate rules and to satisfy other requests for information. The Central Bank will be issuing implementing regulations for the new regime, which has a transition period of six months.

Competition and Anti-Trust Laws

The Superintendent of Industry and Commerce (SIC) is Colombia's national competition authority and has been strengthened over the last five years by adding additional personnel, including economists, and lawyers. 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 totaling approximately USD 400 million on around 400 individuals and companies in the last four years for unfair competition practices. In 2016, the SIC sanctioned cartels operating in the sectors of baby diapers, soft paper and notebooks, imposing fines of over USD 150 million. The SIC also sanctioned several sectors for violations of consumer rights such as misleading advertising or noncompliance with warranty agreements including telecommunications, furniture and home appliances, tourism, technology, automotive and construction.

Expropriation and Compensation

Article 58, numeral 4 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. The new National and International Arbitration Statute (Law 1563), modeled after the United Nations Commission on International Trade Law (UNCITRAL) Model Law, took effect in October 2012.

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 lets parties 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 on the number of professionals and arbitrators with ample experience on trade transnational transactions, arbitrage centers with cutting edge infrastructure and administrative capacity (around 340 arbitration and conciliation centers across the country) and courts that progressively more accepting of arbitration processes. The Chamber of Commerce of Bogotá handles 75 percent of all arbitration cases in the country; all arbitration tribunals in total handle around 600 cases a year.

There were four pending investment disputes in 2016, one of which went to court in 2007 and is still under dispute. The case that went to court, which started in 1994, involves a U.S. marine salvage company. The company has sued the Colombian government through for not allowing it to access its property in Colombian territory on grounds of national patrimony protection, a process that resulted in a Colombian Supreme Court decision in 2007, but has not yet been resolved. The second case involves 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 to U.S. authorities to deregister the aircraft as it has become Colombia's property. The third case involves a U.S. citizen alleging lack of restitution for land seized by the government in the course of an investigation into a prior owner. The last case involves 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. The case is still pending resolution.

Separately, a Spanish energy company which is the majority owner of a Colombian utility company initiated arbitration proceedings before 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.

According to the World Bank's Doing Business 2017 report, the time from the moment a plaintiff files the lawsuit until actual payment and enforcement of the contract averages 1288 days, the same as in 2016. 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 an oral proceeding which is carried out in two hearings, and there are now penalties for not 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 2017, Colombia improved three positions in the enforcing contracts category of the report, from 177 to 174.

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 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 to 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 again revised in 2010 to make proceedings more agile and 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 fifty 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 2017 report, Colombia 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. During the last decade, it has committed to providing more incentives and stability for investors. 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 companies can apply for these directly with participating agencies. Tax and fiscal incentives are often based on regional considerations. Border areas have special protections due to currency fluctuations in neighboring countries, which can harm 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 ten to thirty 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, and for ecotourism services 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 ten years from the beginning of the harvesting. Electricity from wind power, biomass, and agricultural waste are tax exempt until January 1, 2018, as are 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 Colciencias (Colombia's agency for promoting science, technology, and innovation) must grant its certification.

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 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 ten 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. Colombia's science, technology and innovation investment as percentage of GDP was 0.62 percent in 2016; Colombia's R&D investment for 2015 was 0.239 percent of GDP, 4.4 percent less than in 2014.

Foreign Trade Zones/Free Ports/Trade Facilitation

To attract foreign investment and promote the importof capital goods, the Colombian government uses a number of drawback and duty deferral programs. One example is free trade zones (FTZs). As of January 2017, there were 104 FTZs (including permanent, single company and special types). These have generated development of new infrastructure of services for industry with more than 800 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 in one document the regulatory framework for FTZs dating back to 2007, and made clarifications to certain processes without significant changes. Tax treatment of companies operating FTZs was revised with the December 2016 tax reform. The reform maintained a preferential corporate income tax for FTZ's, but increased 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 Free Trade Zones, 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 new tax reform increased VAT from16 to 19 percent. The reform also eliminated the Income Tax for Equality (CREE), a nine percent tax on company profits over 800 million pesos (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 of the project. Special FTZ zones are required to invest and generate a number of direct jobs depending on the economic sector. According

to DANE, in 2016, total exports of 35 permanent FTZs and 60 special permanent FTZs were USD 3 billion, a 47 percent increase from 2015. In 2016, imports to FTZs decreased 14 percent to USD 2 billion. The trade balance for 2016 registered a surplus of USD 1.1 billion in FTZs; in 2015 there was a deficit of USD 209 million in FTZs.

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.

Colombia is issuing new 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 draft circular on February 28, 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 excludes the United States, that meet the SIC's data protection guidelines. This circular would affect contracting of public cloud services under the National Procurement Office's Colombia Compra Eficiente Program. The agency requires a defined legal framework on cloud services to develop the necessary regulations for the public tender processes and exclusion of the United States from the list of countries complying with data protection standards could preclude U.S. firms from bidding for public cloud contracts.

The government currently requires local data storage only for government entities and does so using its service contract with a private company. In Colombia, software and hardware are protected by the National Copyright Directorate (DNDA), Colombia's IPR enforcement agency. 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, such as one of the cases cited under investment disputes, existing law is inadequate. The concept 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 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 five and a half years that the Law on Victims and Land Restitution has been in force, between 2011 and 2016, the government has received 102,292 applications for restitution, corresponding to 86,638 properties and around 200,000 hectares, of which 5,008 properties have been resolved by judges. In 2016 the Land Restoration Unit (URT), a unit created for only ten years to focus on land restitution for displaced by armed conflict population solved around 15,000 cases. With the entry into force of the peace deal with the FARC, Colombia's largest rebel group, the Government is confident restitution efforts will be more effective since former violent areas become more accessible and population can start land restitution processes without much fear, although security in those areas remains a latent challenge. Some landowners who received their formal land titles have been threatened by illegal armed groups. Most of the land that needs to be formalized and returned to title owners is located at the south of the country.

The URT's work is complementary to the work of the National Land Agency which deals with property titles to peasants and minorities communities so they can have access to land and to the formalization of their rights. 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 aims to formalize the property of 50,000 Colombian families in 2017.

In March 2017, the Colombia's Prosecutor's Office announced the recovery of 277,000 hectares from property of dissidents and ex-combatants of the FARC guerrillas, and from illicit drugs. The area is equivalent to 2,270 square kilometers or an extension almost three times larger than the city of New York (787 square kilometers). Colombia ranked 53 out of 190 economies for ease of registering property, according to the 2017 Doing Business report, the same ranking it received in 2016.

Intellectual Property Rights

In Colombia, the granting, registration, and administration of IPR are carried out by four different 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). While each of these entities experiences significant financial and technical resource constraints, the SIC is well-run and the second fastest office in the world for patent applications. 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 its institutional IPR framework in 2016. Decree 1162 of 2010 created the National Intellectual Property Administrative System and the Intersectorial 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 2014-2018 contains a requirement to develop an IPR enforcement policy, but Colombia did not publish such a policy in 2016.

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 but is not listed in the notorious markets report. The reports can be found at the U.S. Trade Representative's Special 301 webpage. Stakeholder submissions for the 2017 Special 301 report prominently cited concerns about Colombia's regulation of the

pharmaceutical sector, including weak patent enforcement and discretion for compulsory licensing.

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 the Superintendent of Industry and Commerce's (SIC) "Industrial Property" webpage.

Colombia has outstanding CTPA commitments related to copyright protection. In January 2013, the constitutional court declared Law 1520 of 2012 implementing several CTPA-related commitments (including copyrights, TV programming quotas, and IPR enforcement measures) unconstitutional on procedural grounds. In response, the Santos administration decided to present separate bills to Congress. A subsequent effort to pass TV programming quotas was not approved after four debates in Congress, and shelved by the Santos Administration in June 2015. MINCIT did make progress on copyright protection in 2016, publishing in August a version of the bill for public consultation. Industry stakeholders have noted that it succeeds in introducing the concept of statutory damages for copyright infringement, but falls short in some other areas, failing to compel takedown of online content or protect intermediaries with important "safe harbor" provisions for unintentional copyright infringement. Following the close of public comments in September 2016, Colombia has not moved to introduce the legislation to Congress. Colombia now expects to introduce the copyright bill in 2017.

Absent this and other legislation, Colombia continues to fall short on CTPA commitments. The CTPA deadline to establish copyright liability for circumventing technological protections was May 15, 2013, and the deadline to establish copyright liability for misuse/altering information was November 15, 2014. Colombia has yet to establish additional criminal procedures for counterfeiting, due May 15, 2013, which it plans to address with the copyrights bill or another law that permits changing its penal code. The Internet Service Providers (ISPs) legislation, another CTPA requirement, was due May 15, 2013. A bill was introduced in 2011, but was shelved because it passed only one of the mandatory four debates within the required timeframe.

Colombia did take an important step toward meeting its CTPA obligations in 2016 by finalizing its accession to the Budapest Treaty on the International Recognition of

the Deposit of Microorganisms for the Purposes of Patent Procedure. The treaty entered into force with respect to Colombia in July 2016. Colombia did not make progress in 2016 on another 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. Consultations are expected to occur in 2017. Colombia also maintains that the existing Andean Community Decision 345 is in effect and equivalent to UPOV 91.

In terms of investigations, Colombia's success against counterfeiting and IPR violations remains limited. The Fiscal and Customs Police (POLFA) launched "Plan Choque" in 2014 to collaborate with the National Police on operations, and has begun working more closely with the private sector in recent years. Despite occasional press reports of successful seizures of contraband hard goods (often counterfeit medicines, alcohol, and consumer products such as shoes), such products remain widely available in Colombia's "San Andresitos" markets. The Colombian Tax and Customs Authority (DIAN) has identified 319 illegal terrestrial entry points on the borders with Venezuela and Ecuador, most of which are difficult to control due to security concerns related to illegal armed groups. 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 *ex officio* authority to effectively inspect, seize and destroy counterfeit goods, nor an integrated multi-agency system to investigate smugglers and counterfeiters. Enforcement in the digital space remains weak as well.

Regarding responsibility for prosecutions, the specialized IPR unit in the Attorney General's office (the UNPIT) was abolished in a 2014 restructuring. It remains the case that criminal IPR cases are generally assigned randomly to non-specialized national prosecutors. The two exceptions to assign a case to an attorney from the old UNPIT unit are when a major crime organization is involved or cases of nationwide scope.

Resources for Rights Holders

U.S. Embassy Bogotá

Economic Section

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Country/Economy Resources

American Chamber of Commerce in Colombia (AmCham)

Council of American Companies in Colombia (CEAC)

U.S. Embassy in Colombia Local attorneys list

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles.

Financial Sector

Capital Markets and Portfolio Investment

The Colombian Stock Exchange (BVC) is the main forum for trading and security 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 100.2 billion in 2016. Colombia maintained a BBB 'Investment Grade' credit rating by Fitch and Standard and Poor's thanks to sound macroeconomic fiscal management including the 2016 tax reform. 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 Superintendency authorized stock brokerage firms. Foreign investment capital funds are forbidden from acquiring more than ten 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 Superintendency. Colombia has an effective regulatory system that encourages portfolio investment. According to the Financial Superintendency, as of December 2016, the combined estimated assets of Colombia's major banks totaled USD 183 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 2016, 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. The Sarmiento Group (Grupo Aval) controls about 27 percent of the sector and the Business Group of Antioquia (Bancolombia) about 26 percent. Total foreign-owned bank assets account for approximately 28 percent of the 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.

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

If investments are officially registered, repatriations of profits are permitted without restrictions. 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 to be able to repatriate or reinvest the proceeds. 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 a savings and stabilization fund, 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 extractive industry. The fund was valued at USD 3.4 billion in 2016, 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.

State-Owned Enterprises

The Colombia government owns 96 companies with a total asset value of USD 80 billion, equivalent to 32 percent of the national GDP. The largest state-owned companies are: Ecopetrol, which has a net worth of approximately USD 23 billion; Cenit Transportation and Logistics of Hydrocarbons S.A.S., with a net worth of USD 7 billion; Electrical Interconnection S.A. ESP - ISA, with a net worth of USD 2.8 billion; Oleoducto Central S.A., with a net worth of USD 2.6 billion; and the Refinery of Cartagena, with a net worth of USD 1.8 billion.

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 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.

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

Colombia 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 October 2014, the Minister of Environment and Sustainable Development signed the modification to decree 2820 on environmental licensing. With this change, the Colombian government hoped to streamline and optimize the issuance of permits for

exploration and exploitation of natural resources in Colombia, though private sector contacts report that results have been mixed.

Corruption

Corruption is a serious obstacle for companies operating or planning to invest in Colombia. According to the World Economic Forum (WEF) Global Competitiveness Index (2016-2017), corruption is the second most problematic factor affecting competitiveness, following high tax rates. The NGO Transparency International reported that Colombian citizens' perception of the level of corruption in the country remained high in 2016, and a February 2017 Gallup poll showed it as the number one problem facing Colombia according to Colombians polled. In 2016 Colombia ties for 90 out of 176 countries in the Transparency International rankings, falling from 83 in 2015.

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 case has generated intense media coverage in Colombia as several senior members of both the Santos and Uribe administrations have come under investigation. On March 14, President Santos acknowledged that Odebrecht illegally donated funds to his 2010 campaign, though he denied awareness of the act at the time. His opponent in the 2014 election, Oscar Ivan Zuluaga, has withdrawn from the 2018 election after being implicated in the scandal. 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 continue. Corruption appears likely to be a high-profile issue in 2018 presidential and legislative elections, with candidates potentially seeking to distance themselves from the Colombian president.

In response to the scandal, in January 2017 President Santos issued decree 092 to prohibit direct public contracts with non-profit organizations. The Secretariat for Transparency estimates that more than USD 400 million in public resources are committed to contracts with foundations and NGOs; contracting with these entities has commonly been abused to steal public resources. President Santos also announced the introduction of two anticorruption bills before Congress, one to set up fully public registers of company owners (a commitment made in May 2016 during the Anticorruption Summit in London) and the other to revise the penalties in corruption offenses.

Colombia has adopted the OECD Convention on Combating Bribery of Foreign Public Officials and is a member of the OECD Anti-Bribery Committee. It has signed and

ratified the UN Anticorruption Convention. Additionally, it has adopted the Organization of American States (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.

Colombia still needs to improve legislation for the protection of whistleblowers and more transparent and reliable systems for public tenders. In August 2016, the government introduced a bill to congress outlining protections for whistleblowers. As of April 2017, congress has not debated the proposed bill. According to the 2016 report from the National Civil Commission for Fighting Corruption (CNCLCC), Colombia has made progress with the issuance of an anti-bribery law (enacted in February 2016 and in force starting March 2017) as part of the commitments for the accession to the OECD. The law establishes that the penal responsibilities can be transferred from the employees to companies, including managers and contractors bribing public servants of a foreign country.

Resources to Report Corruption

Colombian Transparency and Anti-Corruption Observatory

The National Civil Commission for Fighting Corruption (CNCLCC)

The Presidential Secretariat of Transparency

Transparencia por Colombia, the national chapter of Transparency International

Political and Security Environment

Security in Colombia has improved significantly over the past 16 years. Colombia experienced a significant decrease in terrorist activity, due in large part to a bilateral cease-fire between government forces and the FARC. On November 26, 2016 President Santos signed a renegotiated peace agreement with the FARC to end half a century of confrontation, after the original peace accord was rejected in an October plebiscite. 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, in part to become a legal political organization. Colombian government figures show that the number of terrorist acts decreased 55 percent from 2015 to 2016. Despite the National Liberation Army (ELN) conducting ongoing negotiations with the Colombian government in Quito, Ecuador, beginning in January 2017, the 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 rural zones where government control is weaker.

Still, FARC demobilization could bring greater development opportunities to rural regions. The Colombian government estimates FARC insurgents at around 7,000 armed members and 7,000 to 8,000 support members known as "militias." The FARC is currently undergoing demobilization and disarmament in concentration zones under supervision by the UN. The government and the UN estimate roughly five percent of FARC forces, or 300 to 500 FARC members are dissidents and are not complying with the peace agreement. The government estimates the ELN has 1,500 to 2,000 armed members. The ELN continues to attack 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, kidnap personnel, and destroy property of entities that refuse to pay protection or extortion.

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 2016, the average annual unemployment rate according to official government figures was 9.2 percent, a slight increase relative to 2015's rate of 8.9 percent. The truck transport strike of July 2016 accounts for some of the increase, in addition to a lower dynamic of employment generation from the construction sector. The unemployment rate is one of the highest in the region, but has steadily improved over the past several years. Approximately 64.7 percent of the working-age population actively participates in the labor force. According to DANE, 47.5 percent of the workforce was working in the informal economy at the end of 2016. 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. According to the OECD, only 6.2 percent of all salaried workers are covered by collective bargaining agreements (CBAs).. The Ministry of Labor is currently 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." In July-August 2016, a 45-day strike by truck transport associations impacted the Colombian economy, clogging ports, slowing agricultural exports, and increasing inflation. The strike was motivated by the truckers' desire to restrict the import of new vehicles. They alleged that excess transport capacity reduces the value of their own vehicles and affects their profitability. The strike ended with an agreement between the truckers and the government on cargo prices and modifications to the "scrappage" policy that regulates the import of new vehicles.

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 under-aged workers. 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. In 2016, the Ministry of Labor imposed sanctions to around 1,000 companies for over USD 29 million for violations of labor law, including subcontracting and occupational health and safety violations as well as violations of freedom of association. The value of fines imposed against employers in 2016 was around 130 percent the value of fines imposed in 2015. The Ministry of Labor has publicly highlighted improvement in the increase of number of labor inspector positions, from 524 in 2011 to 904 in 2016, and an increased number of imposed sanctions. The Ministry has also highlighted increased social dialogue. Between 2011 and 2015, the number of collective bargaining conventions increased 165 percent, while collective pacts decreased 14 percent in the same period. Homicides of unionists have decreased in recent years but 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.

For additional information on labor law enforcement see Section 7 of Colombia's Human Rights Report, and the Department of Labor's Findings on the Worst Forms of Child Labor and Lists of Goods Produced with Child or Forced Labor.

OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) made its first investment in Colombia in 1985 and has supported more than 17 projects in Colombia since 2005, with investments totaling more than USD 2 billion. OPIC's largest project in Colombia was a USD 140 million loan to a U.S. company to finance the installation and deployment of a fourth generation long-term evolution ("4G LTE") wireless and fiber-optic broadband network for high-speed data communication.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 16: Key Macroeconomic Data, U.S. FDI in Colombia

	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)	2016	$287,558	2016	$274,135	IMF
Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	2016	$2,140	2016	-$319	BEA
Host country's FDI in the United States ($M USD, stock positions)	2016	$1.5	2016	$0	BEA
Total inbound stock of FDI as % host GDP	2016	4.7%	2016	N/A	N/A

Sources: Colombian Statistics Bureau (DANE) & Colombian Central Bank

Table 17: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data	
From Top Five Sources/To Top Five Destinations ***(US Dollars, Millions)***	
Inward Direct Investment	**Outward Direct Investment**

Total Inward	13.593	100%	Total Outward	4.516	100%
Canada	2.163	16.1%	British Virgen Isl.	940	21%
United States	2.140	15.7%	Chile	630	14%
Spain	1.527	11.2%	Bermuda	328	13%
Bermuda	1.520	11.2%	Mexico	488	11%
Panama	1.387	10.2%	Spain	457	10%
"0" reflects amounts rounded to +/- USD 500,000.					

Table 18: Sources of Portfolio Investment

Portfolio Investment Assets (June 2016)								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
All Countries	28.552	100%	All Countries	17.410	100%	All Countries	11.142	100%
United States	18.637	65%	United States	13.075	75%	United States	5.584	50%
Luxembourg	3.385	12%	Luxembourg	3.191	18%	International Organizations	828	7%
International Organizations	841	3%	Cayman Islands	237	1%	Netherlands	533	5%
Netherlands	533	2%	United Kingdom	175	1%	Mexico	474	4%
Mexico	502	2%	Panama	159	1%	France	470	4%

Source: Colombian Central Bank

Contact for More Information on the Investment Climate Statement

U.S. Embassy Bogotá
Economic Section
Carrera 45 #22B-45

Bogotá, Colombia
Phone: 571-275-2000
Email: BogotáECONShared@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 is an important sales tool, 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. These are generally 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 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.

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

Commercial banks are allowed to complete all authorized credit operations, with the exception of leasing operations and real estate sector investments. Only commercial banks provide checking accounts. Within this group, some institutions specialize in housing and construction financing (mortgage banks). Commercial banks dominate the financial market, accounting for over 80 percent of the financial system's assets.

Colombia has not reached the banking coverage of developed countries. However, almost all financial entities are expanding the infrastructure and coverage of their banking services, and access to virtual banking has improved significantly.

In 2009 a new law reforming the financial sector was passed. The reforms increased protection for financial customers, including requirements that financial institutions properly disclose the costs associated with their operations. They also forbid agreements in which consumers waive their rights and provisions shifting the burden of proof to consumers. The reforms create Advocate for Financial Consumers positions, which every financial institution must have and who are responsible for ensuring that financial institutions do not violate consumers' rights. The new law also introduces 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 from 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 for 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

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 in 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 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

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 liquidity, 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, and 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 (and development agencies of Japan and Canada) are active in 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

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 and 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

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/Electric

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 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 entered 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 US$ 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 19: Colombia 2017 Holidays

Date	Day of the Week	Holiday
January 2	Monday	New Year's Day
January 9	Monday	Epiphany
January 16	Monday	Martin Luther King Day (U.S.)
February 20	Monday	President's Day (U.S.)
March 20	Monday	St. Joseph's Day
April 13	Thursday	Holy Thursday
April 14	Friday	Good Friday
May 1	Monday	Labor Day (Colombia)
May 29	Monday	Ascension Day
June 26	Monday	Feast of the Sacred Heart
July 3	Monday	Feast of Saints Peter and Paul
July 4	Tuesday	Independence Day (U.S.)
July 20	Thursday	Independence Day (Colombia)
August 7	Monday	Battle of Boyacá Day
September 4	Monday	Labor Day (U.S.)
October 9	Monday	Columbus Day (U.S.)
October 16	Monday	Columbus Day (Colombia)
November 6	Monday	All Saints' Day
November 10	Friday	Veterans Day
November 23	Thursday	Thanksgiving Day (U.S.)
December 8	Friday	Feast of the Immaculate Conception
December 25	Monday	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