Export Opportunities in Colombia

In 2017, Colombia ranked 22nd among U.S. export destinations and 27th among Virginia export destinations. Some of the top opportunities for U.S. exporters in Colombia include:

- Automotive
- Defense
- Electric Power and Renewable Energy
- Food Processing Equipment
- Information Technology
- Medical Equipment
- Mining Equipment
- Processed Food and Beverages

Top Virginia Exports to Colombia

<table>
<thead>
<tr>
<th>Export Category</th>
<th>2017 Value</th>
<th>Change 2017/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Commodity Chapters</td>
<td>$126.4</td>
<td>-39%</td>
</tr>
<tr>
<td>Base Metal</td>
<td>$20.6</td>
<td>5%</td>
</tr>
<tr>
<td>Industrial Machinery</td>
<td>$20.0</td>
<td>-64%</td>
</tr>
<tr>
<td>Fruits, Seeds, Grains</td>
<td>$12.2</td>
<td>-13%</td>
</tr>
<tr>
<td>Plastics</td>
<td>$9.9</td>
<td>31%</td>
</tr>
<tr>
<td>Woven Fabrics</td>
<td>$7.6</td>
<td>-13%</td>
</tr>
<tr>
<td>Organic Chemicals</td>
<td>$6.8</td>
<td>80%</td>
</tr>
<tr>
<td>Tanning/Dyeing Extracts</td>
<td>$6.3</td>
<td>40%</td>
</tr>
<tr>
<td>Medical Instruments</td>
<td>$5.9</td>
<td>38%</td>
</tr>
<tr>
<td>Electrical Machinery</td>
<td>$5.3</td>
<td>-21%</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>$3.9</td>
<td>67%</td>
</tr>
</tbody>
</table>

(International Trade
ExportVirginia.org)

U.S. Exports to Colombia

In US$ Billions

- 2015: $16.3
- 2016: $13.0
- 2017: $13.3

(International Trade
ExportVirginia.org)

(World Trade Atlas)
## FAST FACTS

### Opportunities in Colombia for Exporters

<table>
<thead>
<tr>
<th><strong>Defense and Security</strong></th>
<th><strong>Information and Communication Technology</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The Colombian military avoided recent government-wide spending cuts. The defense budget increased slightly to $9.7 billion in 2018. Of this total, $350 million is for purchases of equipment and hardware. The top priority is maintaining operative foot of force in former FARC occupied areas. Over the past year, Colombia has also seen an 11% increase in coca production. Finally, urban areas are seeing a surge of violence.</td>
<td>IT spending in Colombia is forecast to increase 6.8% by 2020. In 2017, there were more than 30 million Internet connections, with 16 million being subscriptions and 14 million being mobile connections. Initiatives like “Vive Digital” have ensured that 96% of municipalities are covered by fiber optic and high-speed networks. The growth outlook is optimistic.</td>
</tr>
</tbody>
</table>
| The best prospects for U.S. exporters include:  
  - Helicopter fleet upgrades and parts  
  - Transport trucks, armored and tactical  
  - Riverine and maritime boats  
  - All types of tactical equipment  
  - Equipment for eradication of illicit crops | Top opportunities for exporters include:  
  - Cloud computing and virtualization  
  - Applications software  
  - Hardware  
  - Mobile applications |

<table>
<thead>
<tr>
<th><strong>Medical Equipment</strong></th>
<th><strong>Electric Power and Renewables</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombia spent 6.8% of its GDP on healthcare in 2017. The Colombian medical devices market relies overwhelmingly on imports, which were 93% of the market in 2017. Since the U.S. – Colombia TPA, 96% of U.S. medical equipment exports to Colombia receive duty free treatment.</td>
<td>Colombia’s installed electric power generation capacity currently stands at 16,742 MW, with a hydro-based capacity share of 66% and the remainder generated from gas and coal-fired power plants, small hydro and cogeneration facilities. By 2028, the government has forecasted the installed capacity to reach 24,200 MW, with an increased reliance on wind and solar power due to concerns over natural gas distribution. Recent landslides have also threatened hydro power plants.</td>
</tr>
</tbody>
</table>
| The best prospects for U.S. exporters include:  
  - Medical, surgical, and dental instruments  
  - Diagnostic imaging equipment  
  - Laboratory equipment and consumables  
  - Ultrasound and cardiovascular equipment  
  - Electro-diagnostic apparatus | Top opportunities include:  
  - Wind power systems  
  - Power, distribution, and transformers  
  - Industrial Controls  
  - Steam, gas, and hydraulic turbines  
  - Switchgears |

(US Commercial Service)
FAST FACTS

Economic Overview

Colombia’s consistently sound economic policies and aggressive promotion of free trade agreements in recent years have bolstered its ability to weather external shocks. Colombia depends heavily on energy and mining exports, making it vulnerable to a drop in commodity prices. Colombia is the world’s fourth largest coal exporter and Latin America’s fourth largest oil producer. Economic development is hampered by inadequate infrastructure, inequality, poverty, narcotrafficking, and an uncertain security situation.

In 2014, Colombia passed a tax reform bill to offset the lost revenue from the global drop in oil prices. Further revenue was lost after insurgent attacks on pipeline infrastructure.

Real GDP growth averaged 4.7% per year during the last decade, continuing a decade of strong economic performance before dropping to 1.8% in 2017. However, Standard & Poor’s downgraded its long-term outlook from stable to negative in early 2016. Local referendums have also prevented significant foreign investment. Colombia is making efforts to improve bilateral ties with the United States and has become an OECD member.

(CIA World Factbook)

Cultural Guide

- It is courteous to shake hands both upon meeting and departing. Men should wait for a woman to extend her hand. Greetings should take some time, so ensure you engage in some small talk by asking about family and health.
- It is a good idea to try and have one side of your business card translated into Spanish. Include any university degrees or qualifications, as this is valued.
- Relationship building is crucial; it may be a good idea to invest time in establishing trust for the first few meetings. Time is not an issue in meetings - they will last as long as they need to last. Do not try and rush proceedings.

Colombia is a hierarchical society. Respect is earned from age and position.

- Colombians are known as indirect communicators. This means there is more information within body language and context rather than the words. People that are used to speaking directly and openly must tame their communication style as it could cause offense.
- Avoid confrontation at all cost. If someone has made a mistake do not expose it publicly as this will lead to a loss of face and a ruined relationship.
Virginia Economic Development Partnership - International Trade offers a number of export-related services to Virginia businesses, including trade missions and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters.

For more information, please visit our website: ExportVirginia.org

Additional Resources

- Colombia Overview
  Global Edge - Michigan State University

- Kwintessential Colombia
  Kwintessential Guide to Colombia

- Colombia Country Commercial Guide
  U.S. Commercial Service

- Doing Business in Colombia
  Export.gov

- Ease of Doing Business Report
  World Bank

- Exporting to Colombia
  United Kingdom Trade & Investment