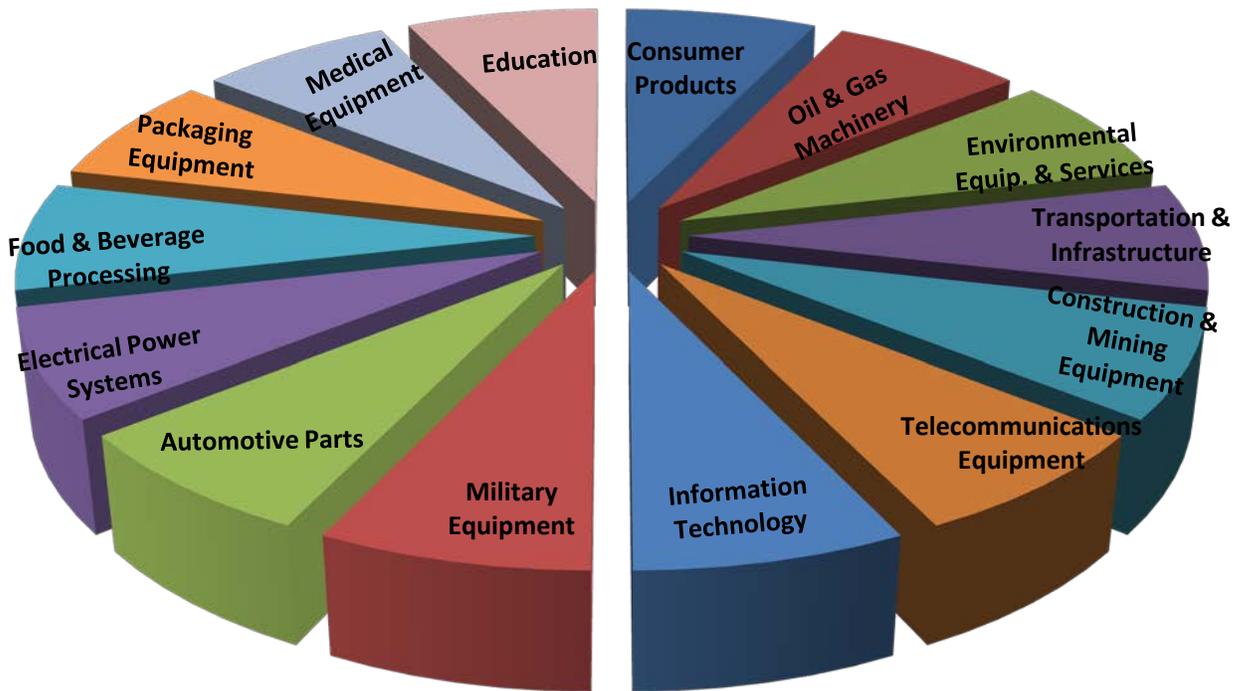




**United States – Colombia  
Free Trade Partnership Agreement  
Provides**



**U.S. Export Opportunities to Colombia**



**Prepared by:**

**Saint Francis University SBDC & Saint Vincent College SBDC**

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## **Executive Summary**

Colombia has the third largest population in Latin America, a growing middle class and a population where 72% of the people are between the ages of 20 and 39. The combination of these facts indicates the country offers tremendous opportunities for new and innovative products and services in the consumer market sector where there is a preference for U.S. products.

The country will exhibit a continued growth in GDP (almost 5% for the past 4 years) and has put a major emphasis on projects within the country over the next four years that will have a significant impact on Colombia's infrastructure. These projects will include refinery modernization, improvements and new infrastructure in the ports of Cartagena, Salgar, and Buenaventura along with investment to turn the Magdalena River into a major freight transportation river. Roads, airports and hotels to support tourism are also being constructed.

President Obama signed legislation approving the Colombia Trade Promotion Agreement (CTPA) on October 21, 2011. Colombia is now working on legislative and regulatory reforms so that the agreement can enter into force. The agreement offers the opportunity to increase U.S. Gross Domestic Product by nearly \$ 2.5 billion and exports of U.S. merchandise by \$1.1 billion. As a result of the agreement approximately 80 percent of U.S. consumer and industrial goods exported to Colombia will no longer be subject to tariffs. The rest of the products will be phased out over a period of ten years.

Colombia's growth offers excellent export opportunities for industrial products and services. Industries that have current demand for U.S. products and services include: Oil and Gas Machinery, Environmental, Transportation and Infrastructure, Construction and Mining Equipment, Telecommunications Equipment, Information Technology, Military Equipment, Automotive parts, Electrical Power Systems, Food Beverage Processing, Packaging Equipment, Medical Equipment and Education.

### **Overview of the U.S. – Colombia Trade Promotion Agreement**

The United States – Colombia Trade Promotion Agreement (free trade agreement) was entered into force May 15, 2012. It is one of fourteen free trade agreements that the US has entered into

covering twenty countries around the world. On the day the free trade agreement was enacted, over eighty percent of US industrial goods exports to Colombia became duty free. Products covered by this included agricultural and construction equipment, building products, aircraft and parts, fertilizers, information technology equipment, medical and scientific equipment, and wood. Additionally, the agreement allowed for strong protection and enforcement of intellectual property rights in Colombia and significantly increased access by American companies to Colombia's \$180 billion services market. Many agricultural commodities, encompassing over half of US agricultural exports there also became duty free. This included wheat, barley, soybeans, beef, bacon and virtually all fruit and vegetable products.

The remaining tariffs will be gradually reduced and eliminated over a ten year period. For example, after five years, eighty-seven percent of the products will be tariff free. Over this ten year period, all products will enjoy reduced tariffs. Additionally, non-tariff barriers will be progressively eliminated over the same ten year period. An improved business climate will also result from the free trade agreement due to a reduction in corruption and informality in business practices that will occur over the full implementation of the agreement. It is expected that US exports to Colombia will increase by over \$1.1 billion and US GDP will increase by \$2.5 billion as a result of the free trade agreement.

Other benefits to the US Colombia free trade agreement include the following:

- Expanded Access to Service Markets – Colombia will provide substantial market access to its entire service sector. This includes covering the professional services sector as well as improved access for US suppliers of portfolio management services.
- New Opportunities for Agriculture – As mentioned above, many agricultural products became duty free with the implementation of the agreement. US agricultural exports to Colombia total \$832 million, the second highest in South America. These will expand under the agreement.
- Greater Protection for Intellectual Property Rights – Expanding on the information above, the agreement provides for improved standards across a broad range of intellectual property rights, consistent with both US and international standards of protection and enforcement. It provides requirements for strong penalties against piracy and trademark counterfeiting and requirements for complete patent protection that are in line with the Doha Declaration on TRIPS and Public Health. Finally, it provides for state of the art protection for US Trademarks.
- Commitments to Protect Labor Rights – This is one of the most important aspects of the agreements after the reduction and elimination of tariffs. Both the US and Colombia have committed to adopt and maintain in their laws the five fundamental labor rights as stated in the 1998 ILO Declaration on Fundamental Principles and Rights at Work. Additionally, labor obligations will be adjudicated in the same manner as commercial obligations. Colombia also has a number of milestone dates to address concerns regarding protection of worker rights, violence against labor union members, and the

prosecution of those who commit said violence. There are a number of ancillary measures that accompany this.

- **Commitments to Protect the Environment** – Under the agreement, both the US and Colombia agree to enforce their domestic environmental laws and to maintain and implement laws and regulations to fulfill their obligations under applicable multilateral environmental agreements. These will be subject to same dispute and enforcement mechanisms as commercial obligations.
- **Fair and Open Government Procurement** – As part of the agreement, US suppliers will be treated without discrimination in bidding on a variety of procurement opportunities from a wide range of Colombian government, ministries, agencies, public enterprises and regional governments. It also requires the use of fair and transparent procurement procedures.
- **Level Playing Field for US Investors** – US companies operating in Colombia will be protected against discriminatory or unlawful treatment. There will also be a neutral and transparent mechanism for settling investment disputes.
- **Telecommunications** – The agreement will facilitate the ability of US telecommunications operations to extend the reach of their global networks in delivering the advanced products and services their customers demand. Under the agreement, it provides the opportunities for US operators to have the legal certainty they need to both make significant investments and to tap into the existing telecommunications infrastructure to more easily expand their business.

As a result of all the provisions of the agreement, there are significant opportunities for US small business exporters. According to statistics, US small and medium enterprises exported \$3.1 billion in products to Colombia in 2009. This was more than 34.4% of all exports to Colombia. This is a higher percentage than the 32.8% share of small and medium businesses of US exports to the world. Of the businesses that exported to Colombia 87.7% were small and medium sized businesses. The free trade agreement will greatly expand opportunities for small and medium sized business to export to Colombia.

The chart on the following page highlights the impact of the US Colombia free trade agreement on the tariff rates for a number of key industry sectors.

<b>Industrial Export Sectors</b>	<b>Tariff Rates Before Implementation</b>	<b>Tariff Rates After Full Implementation</b>
Metals and Ores	9.2%	0%
Infrastructure and Machinery	11.1%	0%

Transportation Equipment	12.7%	0%
Autos and Auto Parts	7.4%	0%
Building Products	13.2%	0%
Paper and Paper Products	12.5%	0%
Consumer Goods	14.6%	0%

This information is based on information from the International Trade Administration of the US Department of Commerce.

The US Department of Commerce has established sites to provide additional information on the free trade agreement as it applies to specific industry sectors. The website <http://trade.gov/fta/colombia/> provides sector specific industry data and related information about the Colombian market. The site <http://export.gov/fta/ftatarifftool/> displays tariff rates by sectors and how they are eliminated under the agreement. It also provides condensed reports by industry sector or products showing how they are treated under free trade agreements not only with Colombia but other agreements as well.

## The Colombian Market

### Economy

Colombia is a Spanish speaking country, located on the northwest coast of South America, and is approximately 440,100 square miles in size. It is bordered by Panama, Venezuela, Ecuador, Brazil and Peru. Colombia's population is just under 47 million people according to World Bank estimates, making it the third most populous nation in Latin America. The citizens of Colombia reside primarily in urban settings with 75% of the total population considered urban. The four largest cities in Colombia are Bogotá (the capital), Medellín, Cali, and Barranquilla.



Colombia currently has an expanding economy. It is currently the fourth largest economy in Latin America and third largest in South America with a GDP of \$240 Billion. Colombia has been one of the top 10 reforming economies for three consecutive years in 2008 through 2010. Colombia's international ranking for reform has improved by 42 positions from 2007 to 2010.

Like many countries with an emerging mining industry, Colombia is set to develop a mining services sector to complement its resources and broaden its economic benefit. As the industry is still relatively young, most mining services are not well established; certainly not on the scale prepared to meet increasing demand. Additionally, transportation infrastructure needs to be expanded to continue to expand the mining industry.

### **Top imports and the top international players**

The United States is Colombia's largest trading partner. The US consumes roughly 32.5 percent of Colombian exports and provided an estimated 30.6 percent of its imports to the country. Other large export countries for Colombia are Venezuela and the Netherlands. These two countries represent 17.2 and 4.2 percent of its exports, respectively. A concern to some in the US is an increased emphasis on outreach to Venezuela by the Colombian government.

Colombia imports from a number of countries other than the United States as well. These countries include China, Mexico, Brazil, France and Germany, each of which make up between 4 and 10 percent of its total import volume.

In 2012, the top exports from the US to Colombia were:

- Machinery (19.1% or \$3.1 billion)
- Mineral Fuel (oil) (21.3% or \$3.5 billion)
- Electrical Machinery (9.5% or \$1.55 billion)
- Organic Chemicals (5.5% or \$.9 billion)

- Aircraft and Parts (4.6% or \$.75 billion)

Other significant exports include plastics, medical equipment and vehicles. In virtually every category, exports to Colombia increased over 2011 figures (Based on information from the US Commercial Service in Colombia.). Overall exports to Colombia in 2012 totaled \$16.3 billion.

Likewise, US agricultural exports to Colombia showed significant increases in 2012 compared to prior years. According to the US Foreign Agricultural Service, agricultural exports increased by 60% in the second half of 2012 compared to the same period in 2011. Colombian imports of agricultural products from the US totaled \$1.1 billion in 2011 increasing to \$1.7 billion in 2012. The leading categories include:

- Wheat (\$219 million)
- Coarse grains (\$162 million)
- Cotton (\$137 million)

Colombia is currently the United States' 25th largest goods trading partner with \$40.9 billion in total goods trade during 2012. Goods exports totaled \$16.3 billion; Goods imports totaled \$24.6 billion. The U.S. goods trade deficit with Colombia was \$8.3 billion in 2012.

The top products that the US imported from Colombia in 2012 included the following:

- Oil (71.7% or \$17.6 billion)
- Precious Stones (12.9% or \$3.2 billion)
- Coffee (3.7% or \$.9 billion)
- Cut Flowers (2.6% or \$.64 billion)

As a result of the FTA with Colombia other products are being imported to the US. New import products include: candies and sweets; pants; leather bags; and plastic-impregnated fabrics. In the area of agriculture, new imports include avocados and broccoli, among others.

### **Future growth areas**

With the implementation of the FTA with Colombia in 2012, the US saw increased exports to Colombia in areas such as white corn, pharmaceuticals, SUVs, auto parts and other agricultural products. This is in addition to such traditional areas as machinery, transportation equipment and chemicals.

This report has chosen to focus on specific growth opportunities. These growth areas include transportation, electrical equipment, mining and heavy equipment. The emphasis is on these sectors as they represent significant opportunities for Pennsylvania companies both now and in the future. The US Commercial Service in Colombia reports that in the January – October 2012 timeframe that exports to Colombia from Pennsylvania companies totaled \$366 million. During this period, exports from PA to Colombia more than doubled the amount imported into PA from Colombia. Sectors with the most significant activity from PA exports are machinery (20% of

exports), chemicals (18% of exports), petroleum and coal related products (18% of exports) and transportation related equipment (9% of exports).

## **Culture and Travel**

Colombia currently has a fairly diverse international community with a variety of international companies having a presence there. While the cost of living in Colombia is high by most Latin American standards, the cost of living in the major cities is comparable to major cities in other parts of the world. The major urban areas (Barranquilla, Bogota, Cali, Cartagena and Medellin) are where most business travelers concentrate.

Travel from the major metropolitan areas to the oilfields and mines involves greater risks for the business traveler. Additional information on this is contained elsewhere in this report. The key is to be aware and to take adequate precautions with such travels. In the larger cities, one should take the normal precautions that one would have in any major city around the world.

It is important to note that there are distinct regional differences within Colombia with customs varying between ethnic groups and regions. For example, residents along the coastal areas tend to be more relaxed and open when compared to those living inland. Business attire is appropriate for most business meetings although having appropriate attire for the specific occasion is important. When making introductions, shaking of hands are appropriate and it is customary for Colombians to address people by title.

For travel to Colombia, US citizens need to carry a valid US passport as well as a return ticket from the country. There is no visa requirement for a stay of 60 days or less. There are significant fines if these regulations are not adhered to. Additionally, there are business visa requirements for stays longer than 60 days. It is recommended that one contact the Colombian Ministry for Foreign Affairs ([www.cancilleria.gov.co](http://www.cancilleria.gov.co)) or the Colombian Embassy in Washington DC ([www.colombiaemb.org](http://www.colombiaemb.org)) for detailed information in this regard.

The US Department of State has issued various travel warnings in relation to Colombia. The latest information is found at [http://travel.state.gov/travel/cis\\_pa\\_tw/tw/tw\\_5778.html](http://travel.state.gov/travel/cis_pa_tw/tw/tw_5778.html). It is highly recommended to check with the State Department's website for the latest information regarding travel: [http://www.travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1090.html](http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_1090.html).

## **Colombia's Transportation Infrastructure**

In order to understand Colombia as a country, you also need to understand the role that transportation and infrastructure have played in the past not only in terms of logistics; but, also the impact on trade, industrialization, and specialization. The current state of industry and trade will be largely impacted by the changes brought about as the transportation and infrastructure in the country are improved. In 2006, a National Competitiveness System and a National Competitiveness Commission was established that led to an internal agenda linking “growth and competitiveness” that identified key bottlenecks to growth. It is no surprise that transportation infrastructure was one of the key topics identified.

## **The Past**

The cities of Colombia have a relatively balanced concentration of economic activity across the largest cities, with each of the 29 main cities accounting for slightly more than one percent of the national GDP. In spite of this, Colombia’s cities have found it difficult to transform industrial bases slowing the development of new hubs of production. The areas of specialization within cities have not changed dramatically in more than three decades, with production and population being relatively dispersed throughout the country. Rather than engaging in complementary economic activities, the cities generally have a negative relationship caused by regional economies competing with one another. This is due to the fact that the cities often produce similar products and compete with other regional firms, rather than specializing in complementary production capabilities of specialization to provide greater production benefits that would create positive regional trade. In addition, export oriented external trade firms are driven toward the Atlantic Coast along with smaller agglomerations to where they have better access to the imports they need in their operations. Much of the diverse competitive situation of manufacturing and lack of specialization can be attributed to the lack of transportation infrastructure in Colombia. Recently, some of the smaller cities have adopted a more specialized manufacturing area that will enable their products to be more favorable with less competition.

## **Current Infrastructure:**

<b>Airports</b>	862 <b>Paved Runways: 121</b> Unpaved Runways: 741	2012 Data
<b>Heliports</b>	2	2012 Data
<b>Railways</b>	874 km <b>Standard Gauge: 150 km ; 1.435-m</b>	

	<b>gauge</b> Narrow Gauge: 498 km; 0950 m gauge	
<b>Roadways</b>	<b>141,374 km</b>	2010 Data
<b>Waterways</b>	24,725 km <b>18,300 km navigable</b> River Magdalena is the most important waterway, of which 1,488 km is navigable. Regular dredging ensures safe passage of cargo vessels and barges.	2012 Data
<b>Merchant Marine</b>	<b>12</b> Cargo: 9 Chemical Tanker: 1 Petroleum Tanker: 2 Registered in other countries: 4	

## The Present

Colombia's infrastructure is in desperate need of upgrading to keep pace with the growing economy of the country. Due to road, rail, and port systems that are needed to unify the logistics and business of the country, the cost of transportation of goods within the country is 10% higher than in the United States; accounting for 18% of the price of Colombian products. This has been a main stumbling block in the country's economic competitiveness. Intercity highways are mostly one lane roads with severe wear making the movement of goods difficult and expensive. Only 15% of Colombia's roads are paved and there is only 1,000 kilometers of divided highway. River systems have not yet been developed for transportation of goods. The country often experiences extreme weather conditions that results in flooding providing a significant impact on Colombia's infrastructure.

As Colombia's economy improves key areas that will come into play that have an impact on urbanization. These will include land use planning, improvement of living conditions (electricity, water, sanitation, education, and health services), and a reduction in transportation and connectivity costs between cities.

The transportation infrastructure and related considerations will be addressed in the remainder of this article. In 2006 a World Bank report indicated that in addition to the transportation infrastructure problems, weaknesses could be found in the freight logistics systems of the country, the trucking industry, public-use ports and inspections of international gateways. The path to transportation infrastructure improvements has been difficult not only due to funding;

but, it has also been impacted by the terrain and weather that the country experiences, as well as, guerilla and paramilitary activity.

In October 2012, the Colombian Government started formal peace negotiations with the FARC guerilla group aimed at reaching a definitive bilateral ceasefire and incorporating demobilized FARC members into mainstream society and politics. The Colombian Government has stepped up efforts to reassert government control throughout the country, and now has a presence in every one of its administrative departments. This should help to reduce the probability of destruction of infrastructure in the future.



### Transportation Infrastructure Challenges

**Climate:** Tropical along coast and eastern plains; cooler in the highlands

**Terrain:** Flat coastal lowlands, central highlands, high Andes Mountains, eastern lowland plains

**Lowest point:** Pacific Ocean 0 m

**Highest point:** Pico Cristobal Colon 5,775 m

The climate and terrain make transportation infrastructure developments challenging in Colombia. This has also been complicated by the fact that large areas of the countryside have experienced conflict due to guerrilla, paramilitaries and the armed security forces.

Infrastructure is important as the country has been moving forward with their National Plan of Development based upon “Prosperity for All,” that includes restoring accessibility of roads and their conditions throughout the country. The 2010 to 2014 initiatives sets out phases of the program to identify and prioritize the projects, develop projects and budgets for the proposed projects, monitoring and maintenance of the roads, execution of work, and evaluation of results. The latest proposed infrastructure plans extend from 2014 to 2020, as the country is looking forward and has a strong commitment to transportation and infrastructure projects as a key element to their plan for “Prosperity for All”. President Juan Manuel Santos is committed to the plan and gaining the financial support needed to move forward.

### Colombia’s Transportation System

The government has divided road infrastructure into three categories:

1. Roads that connect the main capitals
2. Secondary roads that connect small municipalities to the departments' capitals
3. Roads that connect farms to small towns

Plans include awarding 5,000 km in concessions by 2013. A majority of double-lane highways and 1,000 kilometers of railroads will connect production centers with consumption and export centers. President Juan Manuel Santos recently announced approximately \$ 26 billion USD of spending on infrastructure which will start with 30 projects throughout the country.

In November 2011, Santos' government transformed INCO into the National Infrastructure Agency (ANI). The role of ANI will be to facilitate better coordination of projects by doing future concessions in phases, so as not to hold up the entire process. By adopting a phased approach to projects the environmental permits, designing the road, and purchasing the properties along the road will be done in phases; rather than, all at once. A company that is awarded a contract will be able to implement all phases of the project, including construction. Past history of infrastructure projects indicates that one can expect some delays throughout the process due to changes in blueprints, possible water contamination, and other irregularities.

Infrastructure projects will largely consist of road construction; however, plans also include railroad construction, airport construction and port expansions. Most ports in Colombia are private; however, the government is responsible for investments pertaining to maritime canal access, access roads and maintenance of river canals.

Under The Minister of Transportation, Mr. German Cardona, the Department of Infrastructure is working on the following projects:

- Feasibility study and/or fitness for changing rail to standard gauge.
- Update diagnosis on iron regulation specifications.
- Study on airport decentralization.
- Plan documents on proposed road expansions.
- A viable manual on methodological development of systems for passenger cableway for rural and urban tourism purposes.
- Technical and legal criteria for categorization of national roads.
- Administrative agreement with the National Calamity Fund.
- Methodology for determination of consideration of sea and river port concessions.
- Port Expansion Plan 2011-2013.
- Regulations for the construction authorization application for works on the runway and riverbanks.
- Transport solution for the high plains.
- Regulatory Management Grant Fund surcharge on gasoline.
- Monitoring programs and projects presented in "Infrastructure for Prosperity" and all those running by member institutions.
- Released in Infrastructure.

The previous list indicates the direction and future of infrastructure projects in Colombia. In line with this, the following projects have received attention by the news media:

- Colombia's fourth wave of concessions set for February 6 launch by Juan Andres Abarca of Business News Americas reported that ANI will launch the prequalification for the first four highways of the program with planned investment reaching about \$ 2.2 billion U.S. dollars. The projects consist of the Cáqueza-LA Calera 169 kilometer highway called the La Perimetral Oriental de Cundinamarca; a 152 kilometer highway called the Barranquilla-Cartagena, and a 30 kilometer highway named the Mudaló-Loboguerrero and the Puerto Salgar-Giradot highway.
- In February 2012, the Inter-American Development Bank recently approved a \$ 105 million for public transportation in Cali, Colombia. Funding will support investments in the municipal transport company Metro Cali to expand Masivo Integrado de Occidente (MIO), a public transport system based on the use of buses in dedicated and preferential lanes. The program aims to continue improving and extending service to 100% of the population. The program will be carried out by Colombia's Ministry of Transportation and Metro Cali. The following projects listed below have been identified on the Ministry of Transportation website to be of strategic importance to the national plan. We would like to recommend contacting the U.S. Commercial Service prior to directly contacting the individuals cited in the below listed projects. The U.S. Commercial service may be able to facilitate introductions or provide information on the process for bidding on these projects.

## **Infrastructure Projects**

### **National Roads Institute – Invias:**

1. South Cross Road Development
2. Loboguerrero second road construction – Buenaventura.
3. Tunnels Tunnel Bicentennial-Line and second road Calarcá-Cajamaarca.
4. Second driveway Ancon South-Spring-Camille Carot – Bolombolo.
5. Transversal Johannesburg-Petoria

For additional information contact: Edgardo Federicoa Rodriguez – 4281960;

Email: [erodriguez@invias.gov.co](mailto:erodriguez@invias.gov.co).

### **National Institute of Concessions – Inco:**

1. Ruta del Sol Sectors 1, 2, and 3.
2. Briceño-Tunja-Sogamoso

For additional information contact: Oscar Rosero – 3791720 Ext. 1208

Email: [orosero@inco.gov.co](mailto:orosero@inco.gov.co)

### **Ministry of Transport**

1. Pacific Railway Concession
2. Atlantic Railway Concession
3. Rafael Nuñez Airport Concession – Cartagena
4. Concession Airports San Andes and Providencia
5. Ernesto Cortissoz Airport-Barranquilla.
6. Airport Concession
7. Alfonso Banilla Aragon Airport Concession – Cali
8. Northeast Airports Concession
9. El Dorado Airport Concession – Bogotá DC
10. Waterway Action Plan for the Amazon Basin Geographic

For additional information contact: Luz Marina Ramirez – 3240800 Ext. 1425

Email: [lr Ramirez@mintransporte.gov.co](mailto:lr Ramirez@mintransporte.gov.co)

### **Integrated Mass Transit Systems:**

1. Transmetro (Ottawa)
2. Transcaribe (Cartagena)
3. Metrolinea (Bucaramanga)
4. Metroplus (Medellin)
5. Megabus (Pereira)
6. Transmilenio (Bogotá y Soacha)
7. Mio (Cali)

For more information contact: Pablo Alejandro Montenegro

Email: [pmontenegro@mintransporte.gov.co](mailto:pmontenegro@mintransporte.gov.co)

or

Maria Fernanda Lucero – 3240800 Ext. 1466

Email: [mlucero@mintransporte.gov.co](mailto:mlucero@mintransporte.gov.co)

### **Regional Autonomous Corporation of Rio Grande de Magdalena:**

1. Construction and adequate rehabilitation and modernization of facilities for the transportation of passengers and passenger docks.
2. Maintaining the Magdalena River Waterway
3. Design and construction work of environmental conditioning system and navigation Dock Canal Phase I.

For additional information contact: Margarita Maria Londoño – (097) 6023333

Email: [mlondono@comagdalenacom.co](mailto:mlondono@comagdalenacom.co)

Please note that this information has been translated from Colombia's Ministry of Transportation website, so there may be some minor discrepancies regarding the details of planned projects.

### **Export Opportunities**

- Engineering and construction services
- Bridge design services
- Aeronautical infrastructure equipment and services
  - Tower Control Equipment
  - Radar
  - VHF omni-directional radio range (VORs)
  - GPS and ADS-B Equipment
  - Instrument landing systems (ILS)
  - Meteorological and communication equipment
  - Ari Traffic Control (ATC) and information systems
- Intelligence transportation systems equipment and services
- Road safety equipment and services
- Railroad equipment and services

### **Colombia's Future**

As Colombia continues infrastructure development, the country will dramatically reduce transportation costs and improve their ability to increase inter-regional trade and local economic growth. The improved infrastructure will likely result in specialization within Colombia's manufacturing industries as the ability to produce complementary products will offer advantages over the present industrial production that is highly competitive with negative impacts due to impossible or high transportation costs.

As the infrastructure improves additional product and service equipment will be needed to create and furnish logistics and distribution centers, trucking, logistical scheduling, tracking and monitoring systems. In addition, as the infrastructure improves, Colombia will be in a position to increase exports to other international destinations increasing trade and the associated demands for expertise in trade commerce. Long term effects may include additional jobs and

increases in the standard of living. As disposable income increases, personal expenditures will create a larger consumer market for goods and services in line with Colombia's "Prosperity for All" plan.

## **Colombia's Electricity Sector**

In the mid 1990's Colombia's electricity sector was unbundled into generation, transmission distribution and commercialization which has resulted it about half of the generation capacity being privatized. A 1999 IMF loan package in the amount of \$ 2.7 billion was provided to Colombia in part to assist Colombia in divesting itself of state-owned companies including electricity transmission company ISA and electricity generator ISAGEN. Privatization programs faced problems of opposition so the government has used stock options to decrease government ownership. EPM, the country's largest generation company, has been trying to acquire the government's interest in ISAGEN; however, antitrust considerations have stopped this from moving forward. Faced with the difficulty of selling major state-run companies privatization efforts have been focused on the sale of smaller utilities. Colombia's government relies heavily upon hydroelectricity to meet energy requirements.

Three major river systems in Colombia along with large drainage basins provide abundant water resources for hydroelectric power that is provides 70% of Colombia's electricity needs. Approximately 40% of the hydroelectric power generation takes place in the mountainous northwest portion of the country accounting for about one fourth of the country's total electricity generation. The El Nino return in late 2012 could mean lower rainfall that will impact the energy production at hydroelectric power stations.

At the present time there are three hydroelectric facilities producing more than 1,000 megawatts (MWe) and another dozen producing greater than 200 MWe. The power generation is split between several companies.

### **Major players include:**

#### **EPM**

Empresas Publicas de Medellin  
Carrera 58 # 42-125 Piso M Torre Sur  
Medellin, Antioquia

Phone: 57-4-3808080

Fax: 57-4-3806772

Website: <http://www.epm.com.co/>

General email: [Estamosahi@epm.com.co](mailto:Estamosahi@epm.com.co)

EPM is a multi-utility and telecommunications company focusing on power generation, transmission and distribution, natural gas distribution, wastewater treatment, aqueducts and telecommunications. The company's power segment has 2,600 MWe installed capacity, meeting about 19% of the electricity needs of the country. EPM owns and manages 60,000km of transmission and distribution lines along with 133 substations that have a transformation capacity of 4,447MVA.

### **ISAGEN**

Isagen S.A. E.S.P.

Avda. El Poblado, Carrera 43 # 11A-80

Medellin, Antioquia

Phone: 57-4-3165000

Fax: 57-4-2684646

Website: <http://www.isagen.com.co>

General email: [webmaster@isagen.com.co](mailto:webmaster@isagen.com.co)

Isagen is a state electricity generation and marketing entity headquartered in Medellin that supplies domestic and international markets. The company installed capacity accounts for 15.8% of Colombia's total installed capacity, making Isagen the third largest generator in the country, with installed capacity of 2,132 MWe. Isagen's generated electricity comes from its four hydro plants located in San Carlos, Calderas, Jaguas, and Miel I, along with a thermo plant Termocentro.

### **EPSA**

Empresa de Energia del Pacifico S.A. E.S.P.

Calle 15 # 29B-30 Autopista Cali-Yumbo

Cali, Valle del Cauca

Phone: 57-2-3210000

Fax: 57-2-3210030

Website: <http://www.epsa.com.co/>

General Email: [epsa@epsa.com.co](mailto:epsa@epsa.com.co)

EPSA established in 1995 and headquartered in Cali, Colombia engages in the generation, distribution and transmission of electric power in the country's Valle de Cauca department. Their distribution arm supplies power to over a half million residential uses. Recent additions to

EPSA include a 20MWe Amaime facility and a 19.9 MW Alto Tulua mini-hydro facility in Valle del Cauca. Total installed capacity across Colombia is estimated at 960MWe. A sister facility in Bajo Tulua is expected to be generating and additional 19.9MWe by the end of 2012. The company is controlled by Colinversiones, a Colombian power holding group.

## **AES**

AES Corporation  
P.O. Box 22203  
Arlington, VA 22201

Phone: 703-522-1315

Fax: 703-528-4510

Website: <http://www.aes.com>

General Email: [invest@aes.com](mailto:invest@aes.com)

AES, a U.S. generator, distributor and seller of electricity to the utilities has a 1,000 MWe hydro plant, Chivor located in Colombia that that was established in 2000 to provide short term power for several customers. AES distribution companies include AES Elecpaulo, in Brazil that serves 56 million customers. AES has 132 generation plants worldwide with activity in Latin America

including locations in Argentina, Brazil, Chile, Colombia, Dominican Republic, El Salvador and Panama.

## **EMGESA**

Empresa Generadora de Eneergia S.A.  
Carrera 11 # 82-76, piso 3  
Bogota

Phone: 57-1-219-0330

Fax: 57-1-219-0353

Website: <http://www.emgesa.com.co>

General Email: [correo@emgesa.com.co](mailto:correo@emgesa.com.co)

EMGESA is a subsidiary of ENDESA International. EMGESA has 10 hydro and two thermo plants that generated 12,915 GWh, or 23.7% of Colombia's generation capacity. The company's core business is generation and energy trading.

## **Corporation Electrica de la Costa Atlantica S.A.E.S.P.**

Carrera 55 No. 72-109, Piso 5

Barranquilla

Phone: 57-5-330-3000

Fax: 57-5-330-3011

### **The Future of Hydropower in Colombia**

Plans include further increase of hydroelectric generating capacity with some large projects under consideration including an 1,800 MWe facility in the department of Antioquia. Other new facilities are being planned includes a Nechi project that could take up to eight years of construction at a cost of \$ 600 million. In addition there are other facilities in planning stages that are on hold for budgetary reasons. The following table summarizes the company and number of planned facilities along with the total capacities.

Company	Number of Generating Facilities Planned or Under Construction	Total Capacity in MWe
ISAGEN	6	3,787
EPM	5	1,489
Hidrosogomoso	1	1,035
Electrificadora del Tolima	1	88
Generadora Union	3	148
Empresas Publicas de Pereira	1	30
Empresa Antioquena de Energia	4	85
<b>Total</b>	<b>21</b>	<b>6,662</b>

### **Electricity Transmission**

The transmission service is a natural monopoly in Colombia regulated by CREG. There are eleven companies that make up the Colombian National Transmission Systems (STN). The

largest is Interconexión Eléctrica S.A. ESP (ISA) which controls about 83% of the electricity transmission market. The largest shareholders in ISA include EPM, EPSA, and Empresa de Energía de Bogotá (EEB). ISA provides national coverage with both lines and substations. ISA also operates the National Dispatch Center (CND) and the Wholesale Energy Market (MEM) in Colombia. The transmission system has one interconnection with Ecuador and two with Venezuela. There is an agreement with Ecuador to build another line connecting the two countries. ISA has been very aggressive in expanding the transmission network and has invested more than \$ 600 million since 1997. Between 1999 and 2000 insurgents destroyed nearly 350 transmission lines. In addition, there are concerns about FARC guerrilla group sabotages of electrical infrastructure in remote areas that the FARC considers their territory.

According to the U.S. Commercial Service in Colombia, several large Colombian power companies including Interconexión Eléctrica (ISA), Empresas Públicas de Medellín (EPM), ISAGEN S.A., and Empresa de Energía de Bogotá (EEB) are evaluating expansion projects to include Bolivia, Ecuador, Peru and other Central American countries.

As the electricity sector expansion projects are aimed at accommodating demand along with the opportunity for export of electricity to the Andean region and Central America, equipment used in hydroelectric plants with gas-fuel thermal energy generator sets and management controls systems will be needed.

Power distribution and specialty transformers, switchgears, motors and generators, and industrial controls will be needed as expansion projects move forward. There will be additional export opportunities for steam, gas, and hydraulic turbines and turbine generator sets as well.

### **Trade Shows:**

EnerGen Lat Am 2013  
Rio de Janeiro

January 28 – January 29, 2013

This event brings together the entire Latin American market for power generation including engineering and construction of wind, solar, hydroelectric and thermoelectric markets. This show is attended by government and prominent business leaders in Latin America.

## **Colombia's Mining Sector**

### **Overview**

The Colombian mining sector is a market that continues to be attractive for investment. One of the primary reasons for this is the updated national mining code and the revision of the National Mining Development plan. These items have led to faster development of new mining projects which assists in helping the Colombian government in reaching its goal of increased exports. Companies are undergoing production expansions in all areas of mining but particularly in the areas of coal and nickel. In addition to attracting new smaller firms to look at Colombia as a market for mining, a number of the larger foreign firms setting subsidiaries there. This results in additional exploration rights to develop new mines in coal, gold and copper regions.

Current estimates of proven Colombian coal reserves are 6.6 billion metric tons and up to 4.5 billion tons of indicated reserves. These figures highlight the fact that 40% of the coal reserves in Latin America are found in Colombia, ranking them tenth in the world in terms of coal reserves. Production of coal in the country was 74 million tons and the government would like to double production by 2019 to 140 million tons per year. The country is also slowly increasing production of gold, nickel, emeralds and other mineral products.

### **Construction**

Closely related to the mining sector is the overall construction equipment sector. In the transportation sector above, the transportation needs of the country are stressed. In order to fully develop the mining sector to the degree desired by the Colombian government, the transportation infrastructure needs to improve to handle increased vehicle traffic as well as the types of equipment needed both to develop mining projects being planned as well as the hauling of the ores and raw materials coming from the various mining sectors.

According to a US Commercial Service report on the construction and mining equipment sectors, the best prospects in these areas are for equipment that helps to minimize the negative impacts of

operations, complying with environmental legislation, minimizing pollution and to facilitate with reuse and recycling. Products covering these areas include:

- Lift trucks and forklifts
- Container handlers
- Boom and man lifts
- Sweepers and scrubbers
- Compressors and generators
- Various types of waste collection systems

Additional information on the construction sector is included in the section below on construction and building products sector.

In looking at specific areas for the mining sectors, products include:

- Eco friendly dredging equipment
- Drilling equipment
- Recovery equipment
- Storage facilities
- Processing equipment
- Disposal of waste material

Other promising prospects include

- Material handling equipment
- Excavating machinery
- Sinking machinery
- Dumpers
- Lifting machinery
- Bulldozers
- Mechanical shovels

Looking into the future, there are a number of promising new areas for growth in the sector. These include:

- Mining exploration (geophysics, mapping, diamond drilling, tunneling)
- Production equipment (drilling, extraction, loading, hauling and crushing)
- Mining software (resource estimation, modeling, mine design, maintenance)
- Environmental consulting (remediation and mine closure)
- Mine safety equipment

## **Opportunities**

In addition to the coal statistics outlined above, Colombia is a significant player in several other mining areas. In 2009, the country produced 47.8 metric tons of gold. This ranked Colombia as the fifth largest gold producer in Latin America and sixteenth in the world. During the same time period, it produced 51.8 metric tons of nickel, making it the largest producer of nickel in Latin America and sixth in the world. According to Austrade, the Australian Trade Commission, their research indicates that Colombia had 49% of its mineral potential yet to be discovered. This will provide for additional opportunities in the future.

## **Leading Companies**

According to information taken from both the US Commercial Service and Hoovers, the following companies are the leading companies in the mining sector in Colombia.

- 1) Cerrejon is the leading Colombian coal producer and is currently expanding its operations in La Guajira, an open pit mine producing 32 million tons per year. Accompanying this, they have developed 80 miles of railway and a seaport that can handle up to 180,000 tons. Cerrejon is a joint venture including BHP Billiton, Anglo American and Xstrata. The company is headquartered in Bogota. Contact information for the company is:

Cerrejon  
Avenida Calle 100 #19-54 Piso 12  
Bogota Colombia  
Phone: 57-15955555  
Fax: 57-15952352  
<http://www.cerrejon.com/site/english/>

- 2) Drummond is the second largest coal exporter in Columbia and fifth worldwide. It Colombian operations are approximately 30 million tons for 2012. Drummond is a company headquartered in Birmingham Alabama. The bulk of its coal mining is done in Colombia and it also has a port there to more easily ship product. Its contact information in Colombia is:

Drummond LTD  
Calle 72 10 07 Ofc 1302  
Bogota D.C. Colombia  
Phone: 57-54328000  
Fax: 57-12102054  
<http://www.drummondco.com/>

- 3) The Prodeco Group is the third largest exporter of thermal coal in Colombia and is owned by Glencore International Plc., based in Baar Switzerland. It owns a number of mines in Colombia. The Group has a marketable reserve base of 341 million metric tons, with resources

(measured, indicated and inferred) of 560 million metric tons. Its main address in Colombia is:

Prodeco Group  
Centro Empresarial Las Americas II  
Calle 77B No. 59-61  
Barranquilla - Colombia  
Phone: 57-53695500  
Fax: 57-53582825  
<http://www.prodeco.com.co/index.php/en/>

- 4) Colombian Mines Corporation (Corporacion Minera de Colombia S.A.) is a Canadian based corporation with exclusive operations in Colombia. The company has projects underway that involve over 370,000 acres in various parts of Colombia. This includes projects in gold, copper and polymetallic mines. Contact information in Colombia is as follows:

Corporacion Minera de Colombia S.A.  
Carrera 43 A # 1A  
Sur 69 Office 301  
Medellin-Colombia  
Phone: 57-44445673  
Fax: 57-42683119

<http://www.colombianmines.com/s/Home.asp>

For more information on companies active in the Colombian mining sector, the following link is helpful. [http://www.osec.ch/de/filefield-private/files/28500/field\\_blog\\_public\\_files/7610](http://www.osec.ch/de/filefield-private/files/28500/field_blog_public_files/7610) The information was compiled by the Swiss Colombian Chamber of Commerce and contains detailed material on the mining sector, companies active in it as well as a wealth of other information to assist any company looking at dealing with Colombia and its mining companies.

### **Selected Construction and Building Trade Shows**

- 1) **Mineria Colombia** was established to provide support to the mining sector as a source of development for the country. Additionally, it provides a forum for commercial contacts and business deals and to promote Colombia as a mining country with sustainable industrial development. The fourth exhibition of Mineria Colombia is being held August 14, 15, 16, 2013 in Bogota Colombia. The event is held annually.

- 2) **Colombia Minería International Mining Show** is organized by the Colombia Ministry of Mining and Energy. It is held in Medellín and is held on an annual basis. The next show is scheduled for September 2013.

## **Colombia's Oil and Gas Sector**

An important corollary to the mining sector is the oil and gas sector. In fact, in many of the publications, the two sectors are discussed concurrently. Time needs to be spent discussing the oil and gas sector as it, too, is of increasing importance to the Colombian economy.

According to The Oil and Gas Journal, Colombia had about two billion barrels of proven oil reserves in 2012. This has remained largely constant over the past few years due to the lack of new large oil discoveries. This will allow the country to remain self-sufficient with oil until at least 2018. Natural gas reserves have grown to 5.4 Tera cubic feet (TCF) of proven reserves with up to 7 TCF of total reserves.

According to the Ministry of Mines and the National Hydrocarbons Agency in Colombia, crude oil production averaged 971,000 barrels per day in 2011. Projections for 2014 indicate a goal of 1.2 million barrels per day. This is thought to be attainable based on the best available estimates. Also during 2011, natural gas production averaged 1,036 million cubic feet per day. It is estimated that over half of the current natural gas production is reinjected into wells to enhance oil production.

In addition to the known fields within Colombia, oil and gas companies are exploring aggressively throughout the country as well as assessing offshore in both the Caribbean and Pacific Ocean basins. Significant opportunities exist in this area for US/Pennsylvania exploration and production firms as well as equipment manufacturers.

There are six major oil pipelines in Colombia as well as over 2,000 miles of natural gas pipelines. Ecogas, the national gas company in Colombia operates the vast majority of the gas pipelines. Four of the six oil pipelines connect the production fields with the Caribbean export terminal at Covenas. Ecopetrol, the national oil company in Colombia is nearing completion of a new oil pipeline, the Oleoducto Bicentenario pipeline. They have partnered with an international consortium for this. The total project cost is \$4.2 billion US.

Additionally, the Colombian government is committed to explore unconventional sources for natural gas. Initially, this has concentrated primarily in exploring the option of coal bed methane, a gaseous hydrocarbon that occurs along with coal reserves. It is transported and used in the same way as traditional sources of natural gas. Estimates from Drummond, a significant

player in Colombian coal mines, show the potential for up to 2.2 TCF of coal bed methane. There are also thought to be shale gas reserves in parts of Colombia.

The key government agency involved in Colombia's energy sector is the Ministry of Mines and Energy, which handles policy making and supervision. It should be noted that all hydrocarbon reserves are owned by the state. Control in the oil and gas sectors is exercised by Ecopetrol (oil) and Ecogas (gas). Ecopetrol produces 60% of the total oil production. In spite of this government control, the government has taken steps to make the industry more attractive to foreign oil companies. They have allowed some of these to own 100% interest in oil ventures and to compete directly with Ecopetrol.

In the arena of natural gas, Chevron is the largest gas producer in the country with production averaging 642 MCF daily. It also works in partnership with Ecopetrol in some production fields. Some gas is transported via pipelines to export facilities in Venezuela. Since 2007, Colombia has been net exporter of natural gas.

## **Opportunities**

For any US/Pennsylvania companies interested in pursuing oil and gas exploration and production contracts, they must approach the National Hydrocarbons Agency (ANH). If companies are interested in providing services or supplying equipment, then they must approach Ecopetrol, Ecogas or local petroleum companies directly. Other opportunities present themselves in areas of petrochemical and refinery expansion projects. Ecopetrol is also looking into different business opportunities in developing petrochemical clusters in Cartagena and Barracabermeja.

According to the US Commercial Service the following are the most promising products and services for the oil and gas industry:

- Seismic activity services (both two and three dimensional)
- Improved analytical seismic computer codes
- Drilling equipment (including directional drilling), and drilling fluids
- Wellhead equipment (such as Christmas trees, valves, compressors, pumps, piping equipment, safety equipment, well completion, casing and cementing equipment)
- Improved production stimulation
- Enhanced oil recovery for selected fields in which production is dwindling
- Crude oil and natural gas pipeline design and construction services.

## Significant Companies

- 1) Ecopetrol is the national oil company of Colombia which was highlighted in several places above. The main contact information for the company is as follows:

Ecopetrol  
Edificio Principal Cr 13 No. 36 – 24  
Bogota D.C. Colombia  
Phone: 57-12344000  
Fax: 57-12344009  
<http://www.ecopetrol.com.co/>

- 2) Ecogas is the national gas company of Colombia. It was also highlighted in several places above. Its contact information is as follows:

Ecogas Colombia  
Calle 35 Numero 1941 oficina 209  
Bucaramanga, Santander Colombia  
Phone: 57- 76421000  
Fax: 57-76426446  
<http://www.ecogas.com.co/>

- 3) Pacific Rubiales Corporation is the largest independent oil and gas exploration and production company in Colombia. It is a publicly traded company listed on both the Toronto and Colombian stock exchanges. The Company is focused on identifying growth opportunities in almost all the hydrocarbon basins in Colombia, as well as in eastern Peru, and Guatemala. The Company has a strong and growing reserve base, and is maximizing future production prospects through its exploration activities. Contact information is as follows:

Pacific Rubiales Corporation  
Carrera 11A No. 94-45,  
Torre OXO, Piso 9.  
Bogotá D.C. Colombia  
Phone: 57-17560080  
Fax: 57-17560203  
<http://www.pacificrubiales.com/>

- 4) Petrobras Colombia Limited's presence in Colombia includes oil and gas exploration and production, in addition fuel and lubricant distribution in all regions of the country. The company has operated in a variety of capacities in Colombia since 1972 with activity picking up significantly in 1986. Colombian contact information is:

Petrobras Colombia Limited  
Carrera 7 71 21 Torre B Piso 17  
Bogota D.C. Colombia  
Phone: 57-13135000  
Fax: 57-13135101

<http://www.petrobras.com/en/countries/colombia/colombia.htm>

- 5) Chevron - As Colombia's largest producer of natural gas, Chevron plays an integral role in meeting the country's energy needs, producing enough natural gas to supply approximately 65 percent of the nation's demand. Our production activities are focused on three natural gas fields—one offshore and two onshore. In country contact information is as follows:

Chevron Petroleum Company  
Calle 100 7a 81  
Bogota D.C. Colombia  
Phone: 57-16394444  
Fax: 57-12187284

<http://www.chevron.com/countries/colombia/>

- 6) CEPSA Columbia SA is a division of CEPSA (Compañía Española de Petróleos, S.A.U.), an integrated Spanish oil company operating across the petroleum supply chain. It has operated in Colombia since 2001 and currently operates eighteen exploration and production projects in the country. The following is its Colombian contact information:

CEPSA Colombia SA  
Calle 113 7 80 Piso 9  
1002 Bogota 1002 Colombia  
Phone: 57-16583800  
Fax: 57-16583803

[http://www.cepsa.com/cepsa/Who we are/The Company/CEPSA Worldwide/Colombia /](http://www.cepsa.com/cepsa/Who_we_are/The_Company/CEPSA_Worldwide/Colombia/)

### **Selected Oil and Gas Trade Shows**

- 1) **Colombia Oil & Gas Exhibition and Summit** – The 2013 event is being held from April 9-11, 2013 in Cartagena Colombia. It is endorsed by the Colombian Ministry of Mines and Energy. The show attracts in excess of 100 exhibitors largely from the Western Hemisphere.

- 2) **Expo Oil & Gas Columbia** - The Colombian Chamber of Oilfield Services – CAMPETROL- organizes the largest petroleum exhibition done in Colombia. The show takes place in the International Business and Exhibition Center, -CORFERIAS-, in Bogotá D.C. In 2012, the event took place during October so it can be assumed that the event will continue around that time of year.

## **Potential Risks for both Mining and Oil and Gas Sectors**

Operations in any foreign country involve potential risks from a variety of sources. The history of terrorist activities in Colombia is well documented. In recent years, the government of President Juan Manuel Santos is strong but security challenges remain throughout the country. There has been a transition of sorts in the types of terrorist threats within Colombia. Considerable progress has been made in dealing with the Revolutionary Armed Forces of Colombia (FARC). In spite of this, FARC still is capable of carrying out attacks and kidnappings. Additionally, the weakened influence of FARC has led to a vacuum that other groups and criminal elements may be able to exploit. In 2011-2012, there has been a rise of criminal bands comprised of drug trafficking groups and former right-wing paramilitaries.

As both the mining and oil industries continue to grow in significance in Colombia, they are likely to be increasingly targeted by the groups outlined above. Additionally, a smaller group, the National Liberation Army (ELN), have not been included in any peace negotiations the ELN is a significant force in certain areas of the country. Specifically, this is the provinces of Arauca, Norte de Santander, Narino and Choco. It is estimated that ELN carried out more than 150 attacks in the first nine months of 2012. No matter what the results of peace talks are, it is expected that terrorism will remain the most significant risk for mining and oil companies doing business in Colombia.

Information in this section is taken from Mining.com, “Risks for oil and mining companies rising in Colombia – report,” September 28, 2012; and Mining in the Americas report 2012 including information from the Fraser Institute.

## **Colombia’s Construction & Building Sector**

### **Overview**

According to information from the US Commercial Service, Colombia projects over \$18 billion in infrastructure development projects through 2014. This translates into significant opportunities for US and Pennsylvania construction and building materials suppliers. The Colombian government’s National Development Plan for infrastructure through 2021 proposes expenditures of \$6.5 billion to make the country more business conducive. These expenditures

will help with the mining and oil sectors as well as increasing agriculture production. Some of the transportation initiatives are outlined in the transportation sector above.

Additionally, the total building materials market has grown steadily. This has been driven by Colombian production of bricks, cement, ceramic tiles, doors and windows, among others. In 2010, Colombian imports in this sector exceeded \$810 million. Almost a third of these imports were from China with 17.3% coming from the United States. Mexico was third in exports to Colombia in these sectors with 7.8% of the imports. Products most often imported into Colombia include copper tubing/pipe, glazed ceramics, float glass, sinks, aluminum structures and floor coverings, among others.

Through 2011, the Colombian construction sector had seen negative growth of approximately -.08%. This was expected to change in the following years with growth rates approaching 10% per year in 2012 and beyond. This will be due to progress being made with social housing. This was a consolidation of projects announced under the prior government in Colombia. In the area of construction of buildings, there appears to be slow to negative growth in non-residential building area. This includes offices, warehouses and storefronts. Based on the current government, they project constructing one million homes over a four year period.

### **Opportunities**

Currently in Colombia, there is a housing shortage. Estimates for future demand for housing are above 300,000 units per year. Much of what the government has proposed building would be considered low income housing. Smaller cities in the country seem to be the ones leading the demand for increased housing. It is also expected that there will be some pressures on prices that will lead to moderate increases in the cost of housing.

Additionally, the current government is leading a push for more of a “green” agenda. The goal is to develop and enforce a Green Building Code (GBC). This will lead to a regulatory environment that will promote energy efficiency, water conservation in buildings, along with materials and waste management. It is estimated that development of the GBC will lead to reductions in energy consumption of up to 7%, reduced water consumption of up to 19% in new residential buildings. The possibilities for US/Pennsylvania companies specializing in these fields are obvious.

Reports indicate that the Colombian government has emphasized the development of the construction sector as one of the country’s five economy engines. A number of the projects listed in the transportation sector above are as a result of this push. There has been an increase in excess of 39% in projects for roads, highways and bridges. Both this and the increase in house construction will increase demand for building materials and ancillary supplies.

### **Market Entry**

In this sector, as with most sectors, a reliable distributor or representative is critical to successfully enter the Colombian market. While not required by law, many Colombian companies prefer to deal with foreign firms who have local representation. As a result, it is important for US/Pennsylvania manufacturers/distributors to have good knowledge of Colombian distributors and wholesalers in their fields. They should also participate as appropriate in local and international trade shows that are relevant to their field.

US building products are well accepted in the Colombian market as are products from a number of other countries. The regulatory agency that has oversight in the area is the Industrial and Commerce Superintendence. This entity controls and regulates all activities of industries and commerce in general. The Direction of Customs and Taxes (DIAN) is another government institution in charge of controlling imports and exports and enforcing regulations.

### **Significant Companies**

- 1) Santos Canon Oscar Augusto is a Bogota based construction company. It is owned by Oscar Augusto Santos Canon and is listed as for both commercial and heavy construction as well as related engineering. Estimated revenues are in excess of \$320 million US. Contact information is as follows:

Santos Canon Oscar Augusto  
Calle 25 D 81 A 05  
623 Bogota 623 D. C. Colombia  
Phone: 57-14109064  
Fax: 57-14109064

- 2) Tellez Bareno Jorge Octavio is another Bogota based construction company. It is owned by Jorge Octavio Tellez Bareno and is involved in both commercial and heavy construction. Estimated revenues are just under \$214 million US. Contact information is as follows:

Tellez Bareno Jorge Octavio  
Carrera 46 152 46 Of 404  
1026 Bogota 1026 D.C. Colombia  
Phone: 57-16150631  
Fax: 57-16150631

- 3) Montajes Morelco SA is a Colombian company dedicated to the supply of qualified human resources, equipment and materials for the design, construction, installation, operation and maintenance of all types of engineering specialties in electrical, mechanical, instrumentation and civil works. Contact information is:

Montajes Morelco SA  
Calle 64 N 5 B 146 Centro  
Cali Valle Colombia  
Phone: 57-26540362  
Fax: 57-26540588  
<http://www.morelco-sa.com/>

- 4) CSS Constructores SA is a Colombian company dedicated to civil works construction for both the public and private sectors. Included in its portfolio is work for many large entities in Colombia including the City of Bogota, BP, and the National Roads Institute, among others. Their headquarters contact information is as follows:

CSS Constructores SA  
Autopista Norte Km 21 Interior Olimpica  
La Caro Cundinamarca Colombia  
Phone: 57-16671030  
Fax: 57-16760189  
[www.css-constructores.com](http://www.css-constructores.com)

- 5) Construcciones El Condor SA is one of the largest engineering companies in Colombia, dedicated to the development and investment in public infrastructure and private, including roads, bridges, dams, tunnels, pipelines, earthworks and mining pit coal projects. The company has more than thirty years' experience and has developed a strong reputation throughout Colombia for quality. Corporate information is as follows:

Construcciones El Condor SA  
Carrera 25 3 45 Piso 3 Mall Del Este  
Medellin Antioquia Colombia  
Phone: 57-44480029  
Fax: 57-44180241  
<http://www.elcondor.com/>

## **Selected Construction and Building Trade Shows**

- 1) **Expoconstruccion y Expodiseno Bogota International Fair for Construction and Interior Design.** The Expoconstruccion y Expodiseno is a specialized gathering where constructors, architects, designers, decorators and the most important schools of architecture and design in the country come together. All National and International exhibitors, visitors, private and governmental entities and organizations to meet together

for business opportunities and better knowledge of construction materials, products, processes, new technologies development and committed to the research in environmental issues. Held every two years. Next event – May 2013.

- 2) **Tecnoedificios** is an extremely important platform for the professionals working in the field of building and maintaining industrial and commercial buildings. This event will be held for two days in the city of Medellin and will be attended by some of the top companies and agencies dealing in this sector. Next Event - 07 - 08 November, 2013. It is held in Medellin, Colombia.
- 3) **EXPOCAMACOLI** is a biennial trade meeting space, for updating and to do business in the construction industry. It is comprehensive show highlighting all aspects of the construction industry in Colombia. Next Event – 27 -30 August, 2014. It is held in Medellin, Colombia.

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