



El futuro
es de todos

Gobierno
de Colombia

COLOMBIA – U.S. INVESTMENT ROADMAP



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PROCOLOMBIA
EXPORTACIONES TURISMO INVERSIÓN MARCA PAÍS



COLOMBIA
TIME. PLACE AND
OPPORTUNITIES!



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Foreword by Flavia Santoro: *Outlines the existing synergies in the U.S. and Colombian markets, highlighting Colombia as a business ally.*

Introduction by José Manuel Restrepo Abondano: *Discusses how to deepen investment and trade in traditional sectors, with a focus on improving the investment climate in both countries through regulatory coherences, trade facilitation, and full application of the Free Trade Agreement.*

Letter from the Project Partners by Myron Brilliant and Bruce Mac Master: *Highlights the value of the Colombia-U.S. Investment Roadmap and the importance of the bilateral commercial ties.*

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- Colombia and the United States: Two Countries
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By: Flavia Santoro
President of ProColombia

Colombia: A Key Destination for Investment

There has rarely been a better time to shine a spotlight on Colombia's flourishing investment landscape. A 25.1%* spike in foreign investment in the third trimester of 2019, compared with the same period in 2018, reflects a growing interest in Colombia by international partners and continues to bolster investor confidence in doing business there.

The United States, our greatest ally, is the largest global investor in Colombia. Currently, the investments of over 450 American companies are thriving in our country. Because of sound economic policies, Free Trade Agreements and government stability, Colombia has become an exceptionally prosperous country in the region and, globally, one of the most flourishing emerging markets today.

The strong alliance between Colombia and the United States has played an integral role in the transformation of

our country in the past 15 years. The United States is our business partner per excellence.

The U.S. has always trusted the potential of the Colombian market, and the evidence confirms this. In 2018, the U.S. foreign direct investment flows in our country increased by 18.7% compared with 2017.

In addition, American tourists compose the majority of visitors to Colombia. During 2018, Colombia welcomed 22% more travelers coming from the U.S. than from any other country, confirming that today our country is a preferred destination.

Furthermore, today the American market represents great opportunities for the 2,219 Colombian companies that have forged successful commercial partnerships and are currently operating doing business deals with U.S. enterprises.

*The United States,
our greatest ally,
is the largest
foreign investor in
Colombia.*

**noted by Colombia's Central Bank*

Our aim at ProColombia, the country's Investment, exports, and tourism promotion body is to incentivize and boost more American investment in Colombia, as much in the stock market as in the diverse productive sectors in which we have important trade opportunities.

We want to encourage the inflow of resources to undertake lucrative projects in the public and private sectors across Colombia.

Colombia offers a variety of opportunities, for example, in the manufacturing, construction and infrastructure sectors, ranging from car manufacturing and raw materials production to major infrastructure projects. We are calling on foreign investors to join our projects to modernize roads, railways, river transportation, and airports.

There is also huge potential in Colombia's creative industries for international investors. Our country offers one of the lowest operating costs for the provision of IT services and it is the host country of the World Economic Forum's only Center for the Fourth Industrial Revolution in the Spanish-speaking world.

Colombia is the fourth most active Latin American country in the agricultural, forestry, and fisheries sectors. Agriculture is one of our biggest sectors, as our

country is home to more than 32 million hectares available to grow fruit, vegetables, cacao, coffee, and tea, among other products. Our rich biodiversity also presents innovative opportunities in the cosmetics, chemicals and life sciences sectors.

Tourism continues to grow every year, not just in the number of visitors but also in range of possibilities for the hospitality services industry, this is in large part due to the variety of regions, climates, landscapes and niche business areas.

The government of President Iván Duque is focused on developing and consolidating current investment and on attracting key companies. ProColombia's aim is to boost Colombia's position as a hot spot for investment and exports. We seek to generate greater entrepreneurship and opportunities in shaping the future of Colombia.

That is why we are grateful for the opportunity to collaborate with organizations like the Asociación Nacional de Empresarios de Colombia (ANDI), the U.S. Chamber of Commerce and the U.S. Colombia Business Council, to create even closer economic ties between the two countries. It is our hope that this Investment Roadmap demonstrates dynamism that already exists in the relationship and points to additional areas for growth.

Colombia offers a variety of opportunities, for example, in the manufacturing, construction and infrastructure sectors.



*By: José Manuel Restrepo Abondano
Minister of Trade, Industry, and Tourism*

A Clear Path to Investments

The economic recovery plan that President Iván Duque launched at the beginning of his term has thus far produced good results, including an increase in foreign direct investment. This economic growth agenda has shown to be a promising influence on the economy creating jobs, developing regions, and increasing competitiveness and productivity.

Foreign, as well as domestic investors, should know that this government is pro-investment, a stance that is demonstrated by creating adequate conditions for development. In short, the government offers institutional stability and legal certainty; it also facilitates matters for investors who require a responsive government when doing business in any of Colombia's regions.

It is important to Colombia's government that investors know these conditions first-hand and that American businessmen

and women know that Colombia is a safe destination in which to invest. It is worth remembering that the United States is currently the leading investor in Colombia. At the close of 2018, Colombia saw inbound flows from the U.S. of US\$2.58 billion (in 2017, this figure was US\$2.17 billion).

The interest from U.S. investors is clear, as are the conditions that Colombia's government provides to those looking to bring their capital. Likewise, a trade agreement that has existed between the two countries since 2012 has become a powerful incentive that stimulates investment from the United States to Colombia and vice versa.

Due to investors' increasing interest, expressed to Colombia's government as well as to the private sector, the Duque administration is implementing a strategy that offers important incentives to encourage direct foreign investment mega-projects and to boost the current free trade zone model.

In addition to these important components in the plan to attract foreign investment, which in turn promotes economic growth,

we are working on developing sectoral tax schemes and promoting various red-carpet strategies—including tax, institutional, regulatory, legal, and financial tools—that make Colombia more attractive.

Additional to these new tools, a model named Priority Internationalization of Strategic Regions will be launched. The model is designed to identify areas of regional value that attract foreign investment, encourage anchor companies to set up operations, and promote export activity in the regions.

In terms of landing mega-investments, Colombia's government aims to land projects exceeding US\$306* million, with incentives such as an income tax rate of 27%, opening doors to obtain legal stability agreements and to the accelerated depreciation of fixed assets.

Colombia offers great opportunities for U.S. investment that would reach strategic sectors, as determined by the government: energy, infrastructure, construction, creative industries (orange economy), Information and Communication Technologies services, agribusiness, manufacturing, chemicals and life sciences. It is also worth

noting that Colombia has established incentives for agribusiness ventures as well as for hotels, theme parks, and ecotourism, among other sectors.

The arrival of foreign capital must be recognized as an opportunity for Colombia to move towards the Fourth Industrial Revolution. There is no doubt that the United States is a great partner for Colombia, exchanging knowledge, implementing new technology, and increasing our companies' productivity.

Moreover, the arrival of U.S. capital is a significant opportunity for both countries to jointly develop the orange economy. In fact, important risk capital funds have been coming to Colombia, boosting high-potential business ventures in various sectors.

Investors require clear rules, and Colombia's government is committed to this goal. Thus, over the next few years, with the help of American businesses, we will meet the challenge to solidify a U.S.-Colombia relationship that makes a lasting contribution to build social equality and to grow Colombia's economy.

*Exchange rate (as of September 17, 2019)
US\$1 = 3,364 Colombian pesos.



Additional to these new tools, a model named Priority Internationalization of Strategic Regions will be launched.





Letter from Project Partners

*By: Bruce Mac Master
President of ANDI.*

*Myron Brilliant
Executive Vice President and
Head of International Affairs, U.S.
Chamber of Commerce*

The publication of the 2019 U.S.-Colombian Investment Roadmap brings a new perspective to one of the Americas' most dynamic economic relationships.

The aim of this map is to demonstrate the strength and potential of this commercial exchange to a broad array of stakeholders, including the business communities in both countries that contribute to it on a daily basis.

This collaboration between ProColombia, the U.S. Chamber of Commerce, and the Asociación Nacional de Empresarios de Colombia (ANDI) draws on the experience of the private sector and serves as a tool for current and future investors to understand the countries' complementary supply chains and robust business environments, which provide the bedrock for trade and investment.

By highlighting the successes and challenges of foreign investors, the map advocates a deepening of current commitments and an expansion into promising new areas.

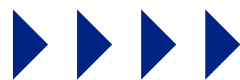
Reciprocity and access are at the very heart of the United States—Colombia Trade Promotion Agreement (TPA) and the enterprises it enables. The report therefore promotes a model of free trade and open markets as the best means of fostering productivity, creativity, job creation, skills and technology transfer, and integration into global value chains.

The U.S.-Colombia economic exchange has matured over a nearly 200-year diplomatic relationship. In 2018 alone, US\$28.9 billion in goods flowed between the strategic allies and the stock of bilateral FDI stood at US\$10.5 billion. Services are increasingly important to the partners, with their trade hitting a high of US\$9.5 billion in 2017. Today, the countries share a focus on innovation and entrepreneurship as driving forces and on boosting opportunities in research and development (R&D), information technology, renewable energy and the creative industries. The study outlines the well-established return on investment in priority sectors like agriculture,

energy, financial services and healthcare and explores the benefit of aligning regulatory approaches in cutting-edge industries.

Through the launch of the U.S.-Colombia Investment Roadmap, the businesses at the center of the U.S.-Colombia partnership invite readers to celebrate the progress made under the current framework and improve upon it in order to make the relationship an engine of growth. We are pleased to collaborate with ProColombia on this report and on efforts to expand the bilateral commercial partnership to encompass ever more companies, sectors and regions as part of our dynamic alliance.

Executive summary



Colombia and the United States are two countries with close relationships in terms of trade, investment, social cooperation and tourism. This link has been stable since the beginning of twentieth century and is independent of presidential administration.

Such history has improved the businesses between Colombian and U.S. companies and created more opportunities. Today, there are additional opportunities to explore, from creative industries, for which the Colombian government has been constructing the necessary physical and intellectual infrastructure, to tourism and logistics. Colombia offers infinite possibilities granting special benefits and incentives.

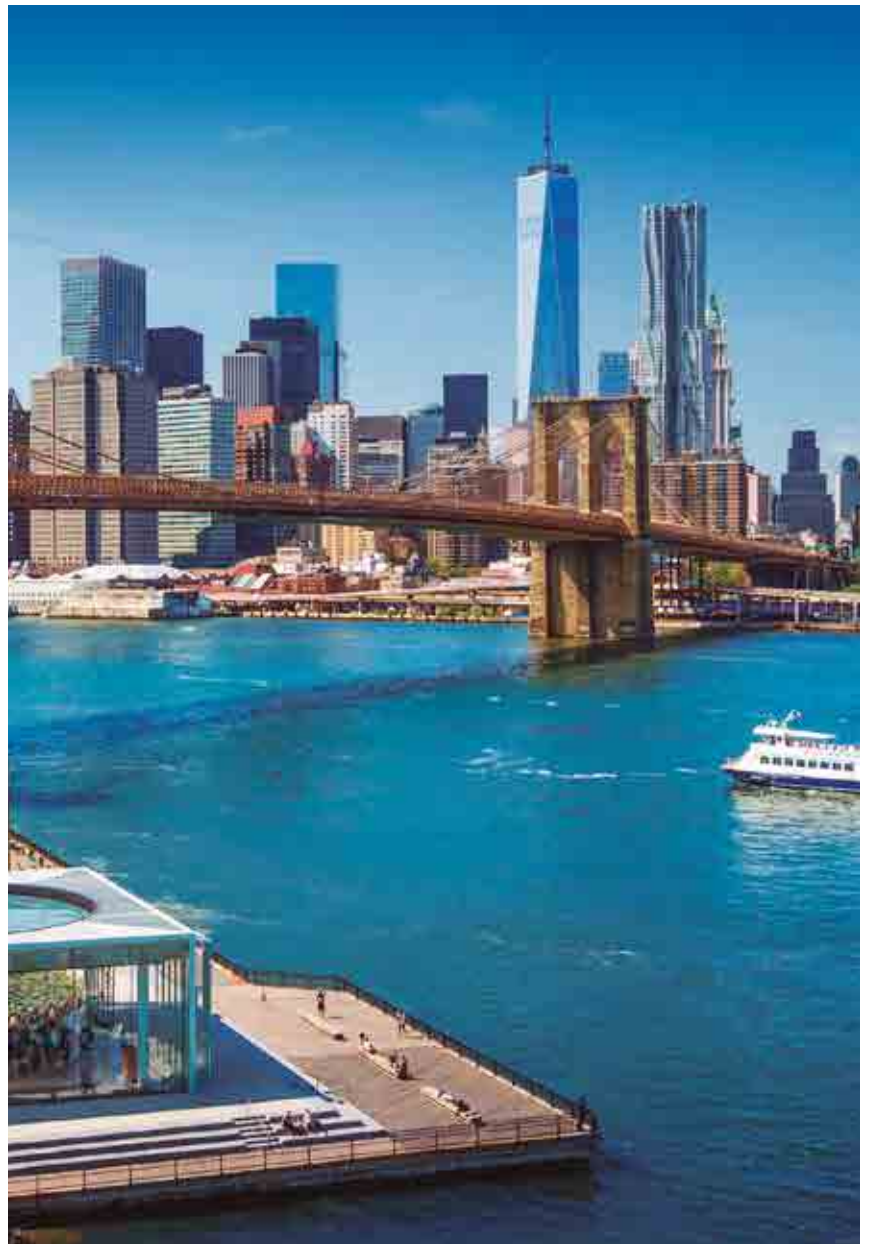


COLOMBIA AND THE UNITED STATES,

Two Countries With Long-Standing Relations

Although all of the Latin American countries are considered geographically close to the United States, in terms of historical ties, Colombia stands out as being the closest.

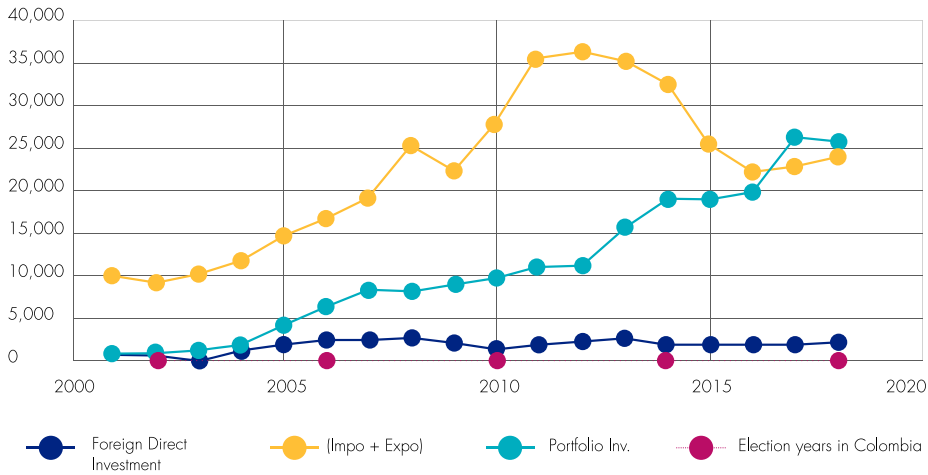
This proximity spans a variety of areas and has been significant to the governments of each country, which have sought to strengthen this important relationship.



Business Relationship U.S. – Colombia

US\$ million

Figure 1



Source: Banrep, Trademap, IMF

Indeed, Colombia and the United States have maintained close ties in terms of trade, cooperation, and national security agendas.

Regarding trade, the United States is Colombia’s main bilateral trade partner, its major investor, and the primary source for inbound tourism. These figures show a continued trend upward.

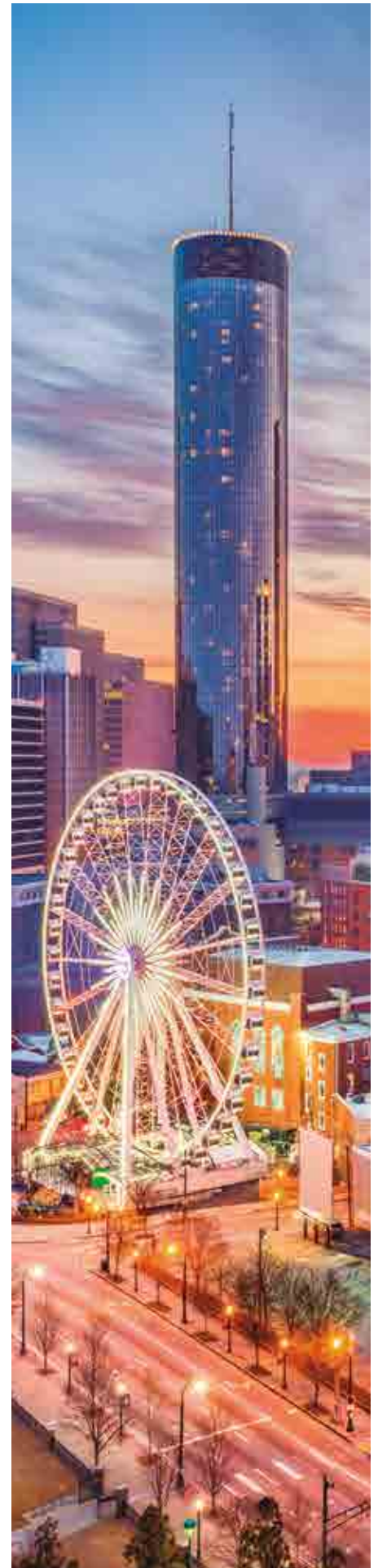
Exports

Free On Board (FOB) US\$ million

	Compound Annual Growth Rate (CAGR) 2015-2018	2018 position	2018 share
Colombian Exports to U.S.	3.3%	1	26.5%
U.S. Exports to Colombia	-2.4%	3*	29.6%*

*Position inside the Latin-American and Caribbean region

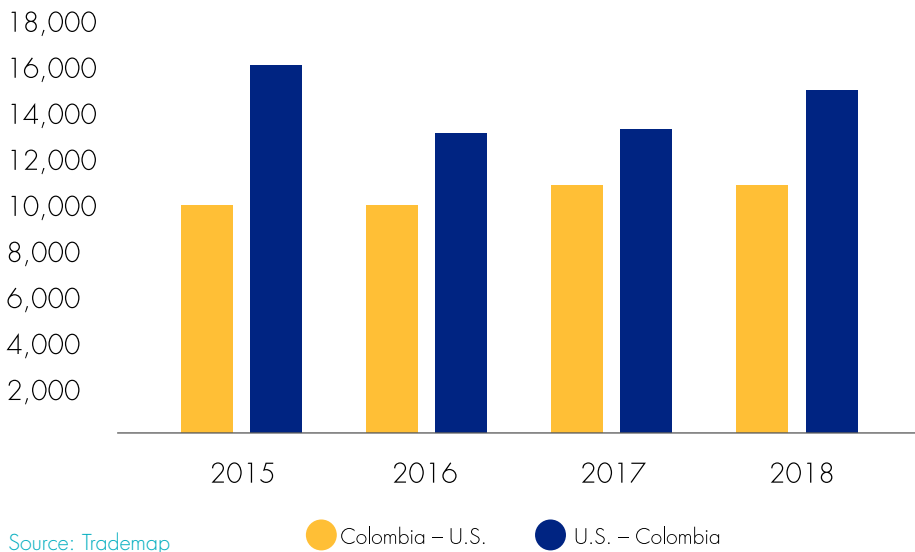
Source: Trademap



Exports

FOB US\$ million

Figure 2



Source: Trademap

● Colombia – U.S. ● U.S. – Colombia

Average Capex** Foreign Direct Investment (FDI)

US\$ million

	Compound Annual Growth Rate (CAGR) 2015-2018	2018 position	2018 share
U.S. Investments in Colombia	6.7%	1	22.4%
Colombian Investments in U.S.	76.0%	5*	1.1%

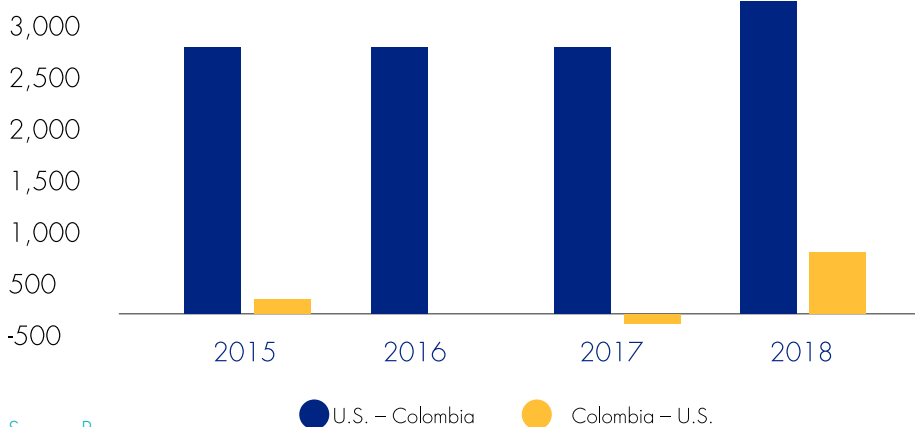
*Position inside the Latin-American and Caribbean region

Source: Banrep

Average Capex FDI

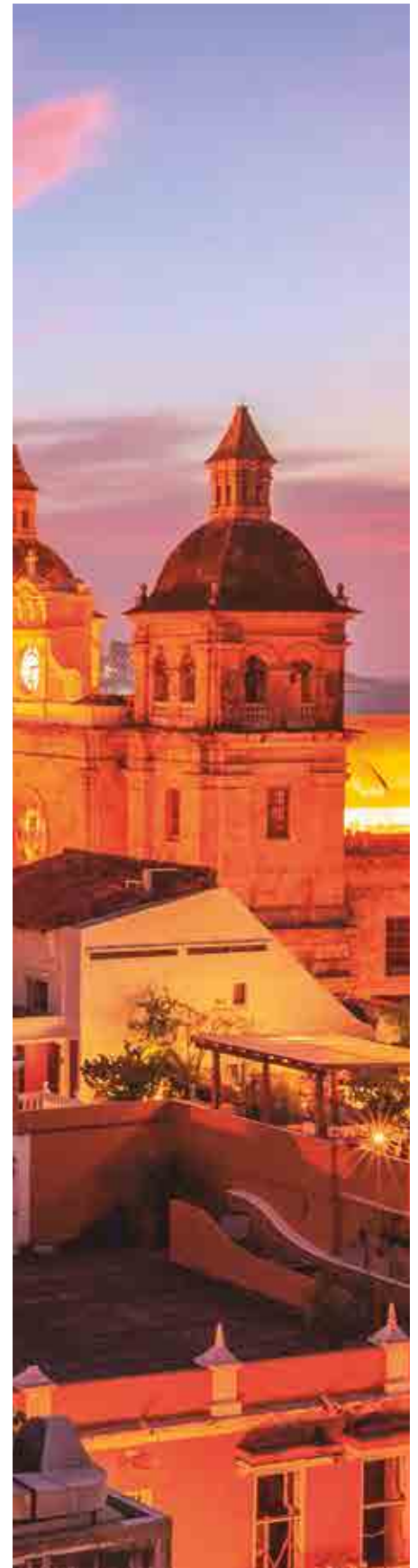
US\$ million

Figure 3



Source: Banrep

● U.S. – Colombia ● Colombia – U.S.



**Capex: Funds used by a company to acquire, upgrade, and maintain physical assets such as property, buildings, an industrial plant, technology, or equipment.

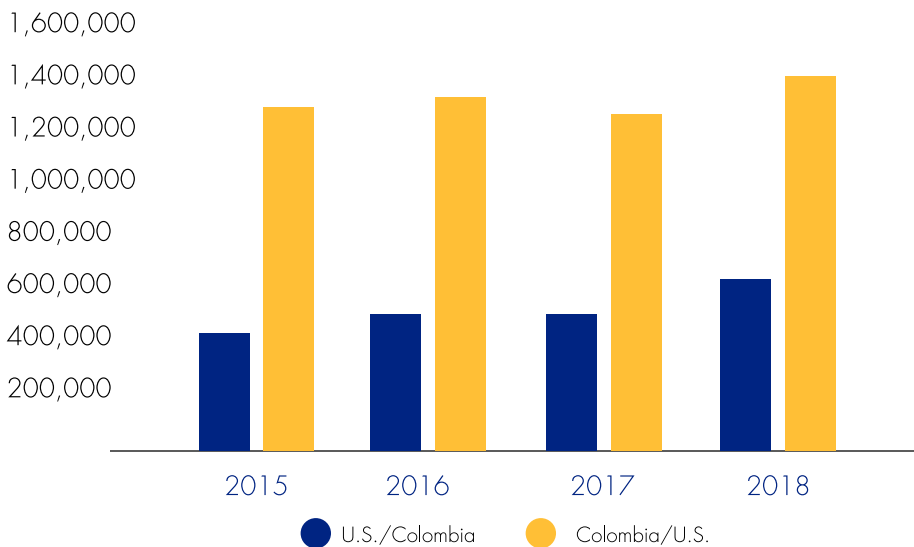
Tourists Flow Between the U.S. and Colombia

	CAGR 2015-2018	2018 position	2018 share
Tourists in Colombia	13.3%	1	23.9%
Tourists in U.S.	3.3%	4 *	1.2%*

*Position inside the Latin-American and Caribbean region

Tourists Flow Between the U.S. and Colombia

Figure 4



Source: Migración Colombia

Additionally to the upward trend, the countries' export baskets complement each other, showing the benefits of specialization of trade.





U.S. Exports to Colombia: FOB Exports by Sector

(Accumulated US\$ FOB million, 2015-2018 share)

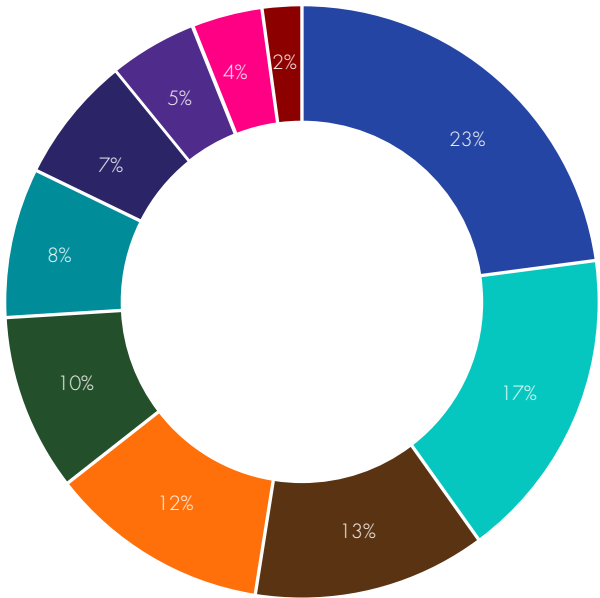


Figure 5

- Oil and its derivatives – US\$ FOB 13,160
- Others – US\$ FOB 9,950
- Instruments and appliances – US\$ FOB 7,261
- Chemicals – US\$ FOB 7,023
- Agricultural – US\$ FOB 5,562
- Metalworking - US\$ FOB 4,662
- Agribusiness – US\$ FOB 3,838
- Plastic and rubber – US\$ FOB 2,744
- Vehicles and other means of transport – US\$ FOB 2,518
- Automobile components – US\$ FOB 1,148

CAGR (2015-2018): -2.4%

Source: TradeMap

Colombian Exports to United States: FOB Exports by Sector

(Accumulated US\$ FOB million, 2015-2018 share)

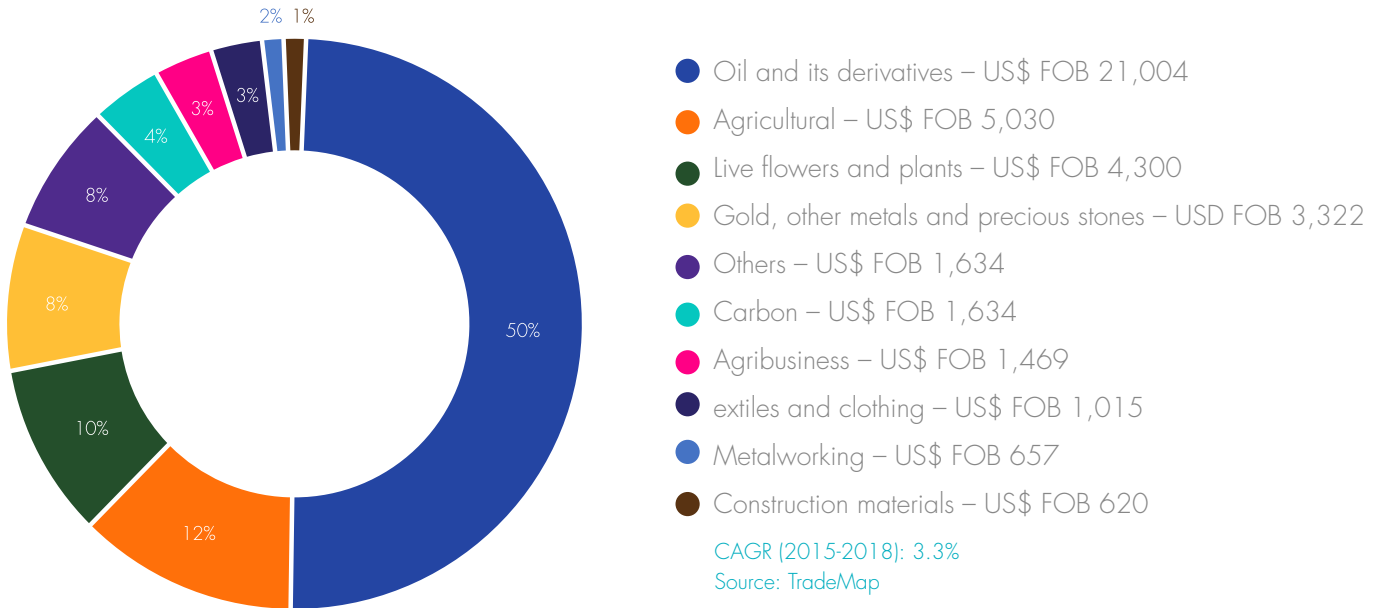


Figure 6

United States FDI in Colombia: Capital Investment Announced by Sector

(Accumulated US\$ million, 2015-2018 share)

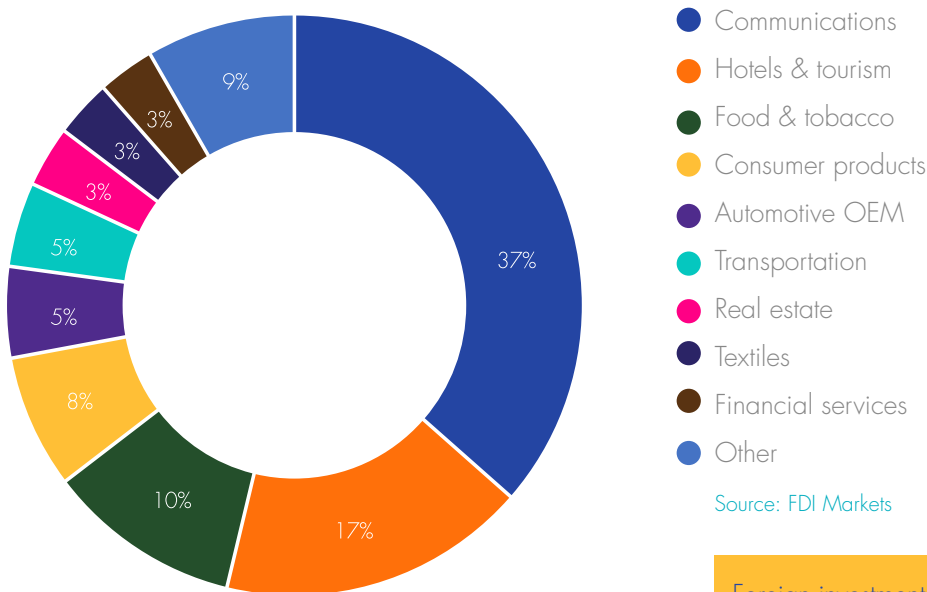


Figure 7

Foreign investment in Colombia reaches all sectors, although it has been more prevalent in communications and hotel infrastructure.

Colombian FDI in United States: Capital Investment Announced by Sector

(Accumulated US\$ million, 2015-2018 share)

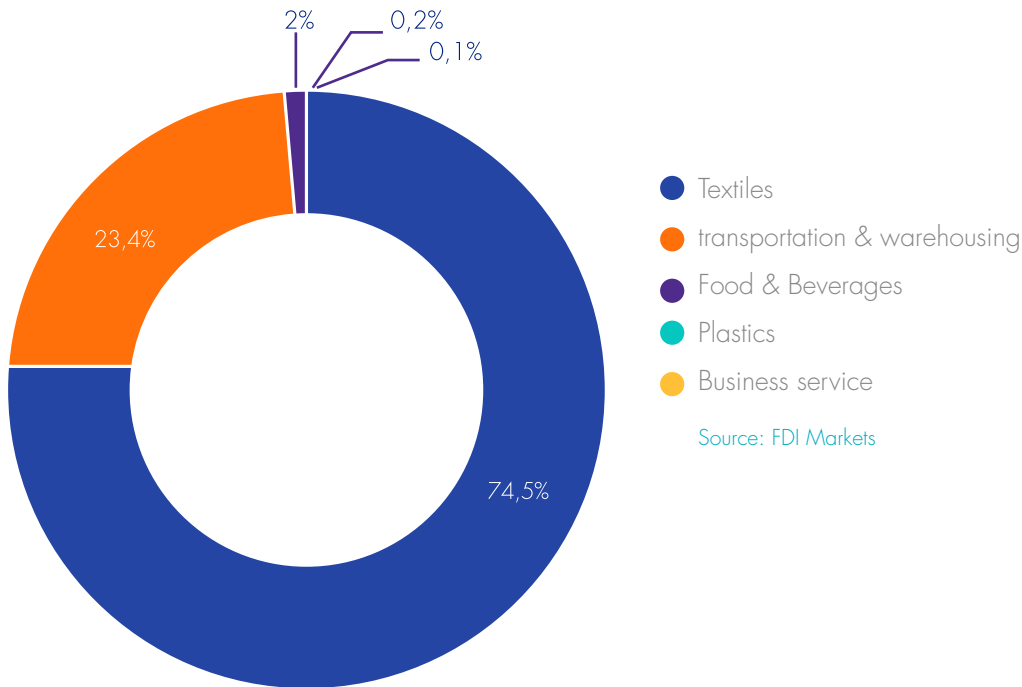


Figure 8

United States FDI in Colombia: Number of Projects Announced by Sector

(Accumulated, 2015-2018 share)

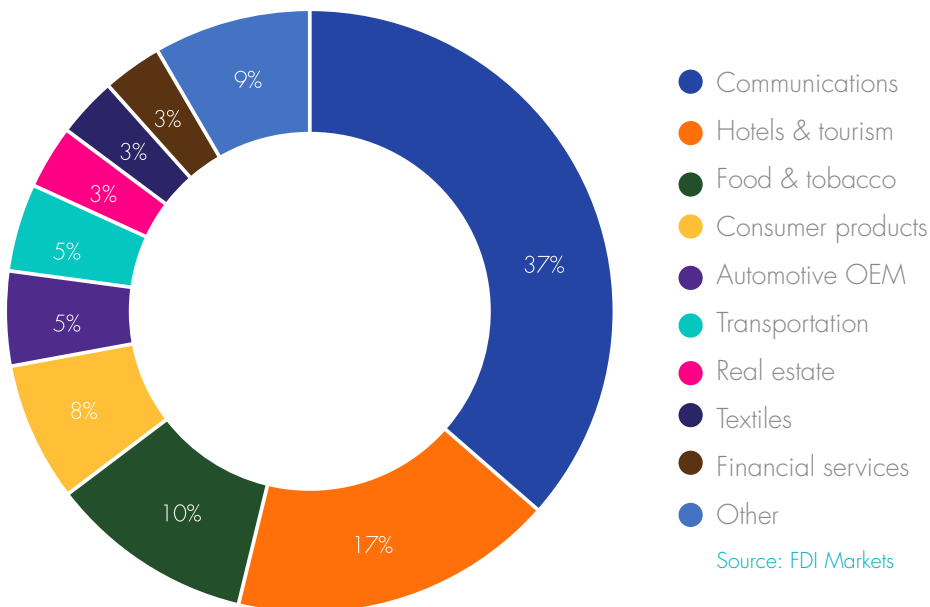


Figure 9

Business activities in Colombia have been increasingly involved in the productive and commercial processes of U.S. companies.



Colombian FDI in United States: Number of Projects Announced by Sector (Accumulated, 2015-2018 share)

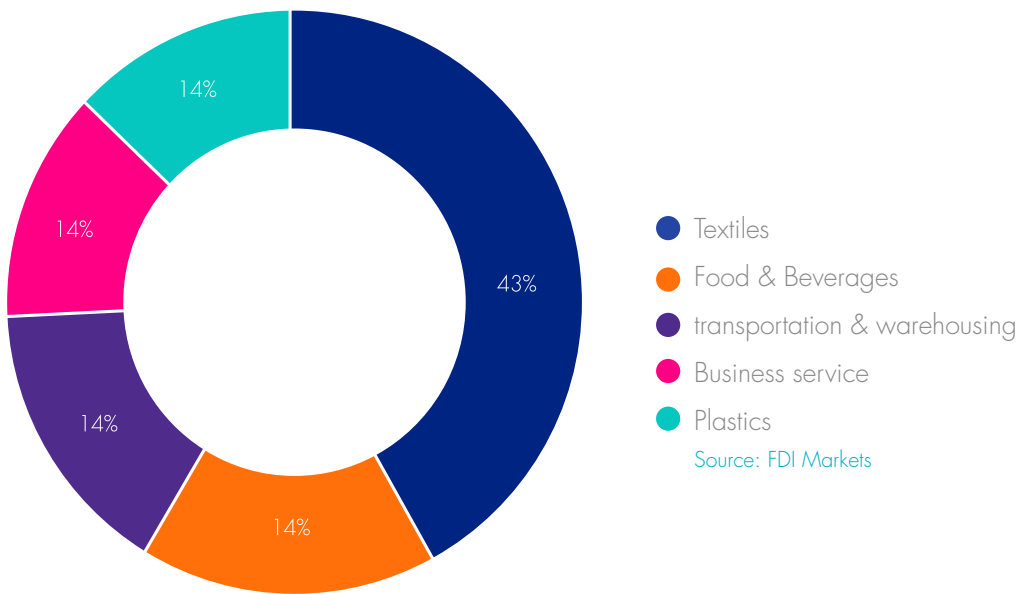


Figure 10

United States FDI in Colombia: Number of Projects Announced (Nonretail destination)

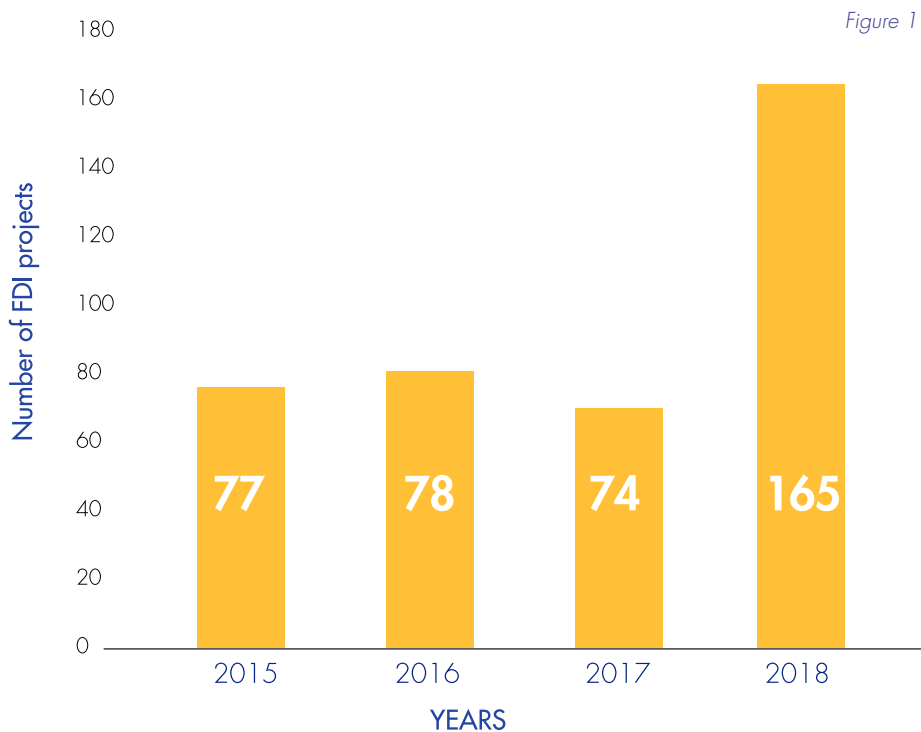
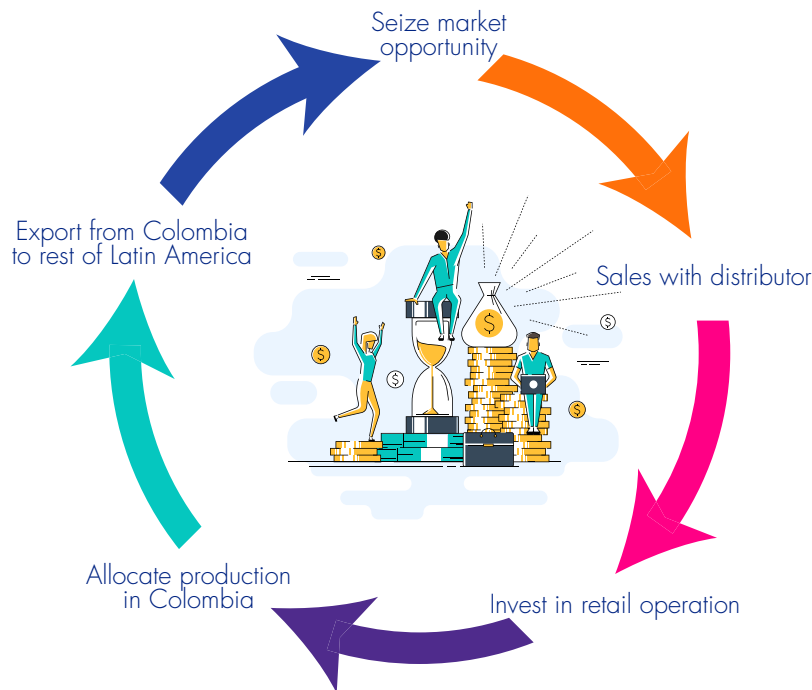


Figure 11

A good example of the U.S. investment in Colombia is PriceSmart, an American membership-based shopping warehouse with seven points of sale in five cities in Colombia. The company started in 2011 in Barranquilla, with only a retail operation, but today 40% of the store products are Colombian thanks to the high quality of local products. Many local suppliers have developed their own brands and exported products to PriceSmart abroad.

These synergies feed into a virtuous cycle, beginning with an opportunity to distribute products, then an investment with a production component, and finally securing an export slot to other countries in the region.

Source: FDI Markets



The American company Baxter is a perfect example of this virtuous cycle. In 1956, it established its first manufacturing subsidiary outside North America. Today, with 1,800 employees, this Colombian outpost is the center of operations for southern of Latin America, and where the firm manufactures products for the treatment of complex medical conditions. Each year, the plant located in Cali, makes 25 million medical devices and 120 million intravenous and hemoconcentrated solutions, with 30% of the production exported to Brazil, Ecuador, Peru, Chile, Central America, and the Caribbean.

The hotel infrastructure and tourism industries are also worth mentioning, given that U.S. hotel chains, such as Marriott International Inc. and Hilton Worldwide, have been savvy in taking advantage of Colombia as an attractive tourist destination. The 2018 increase of 7.7%, inbound travelers compared with the previous year, has been one of the main motivating factors behind

foreign investment in hotel infrastructure, which had already reached amounts of US\$1,971 million, with U.S. contributions of approximately US\$804 million between 2004 and 2019 (according to FDI Markets).

On the other hand, Colombian companies have been very successful in the U.S. market. Colombian companies initiating their export processes have installed distribution and manufacturing centers in the United States in order to serve the North American market and achieve greater efficiency in their production lines.

The motivation behind going abroad and the choice of location differ among businesses and depend largely on the sector to which the company belongs. For instance, many textile companies require a local presence to be included in the different commercial platforms in the United States. These companies set up commercial offices to take advantages of these rules. To reduce

distributions costs through third parties, these firms also set up distribution centers and their own stores in the destination markets.

In the past 10 years, most investments made by Colombian companies in the United States have been concentrated in Florida (45% of the value invested, according to FDI Markets), mainly due to the cultural affinity of the state and the proportion of Latinos residing there.

Other states in which Colombian companies thrive are Delaware, California and Texas, mainly due to their strategic location and fiscal incentives; however, in terms of employment, the state of Virginia recorded the highest number of jobs created by Colombian investments, thanks to the one made by Phoenix Group, a packaging firm from Bogotá. Since 2010, when it established a presence in the United States, Phoenix Group has raised its investments four times, yielding nearly US\$100 million and creating about 850 jobs.

There Is Still Much to Be Explored

The dynamic commercial relationship between Colombia and the United States still has unexplored potential. Attracting foreign investment is a priority for Colombia's government as it attempts to bridge the technological and competitiveness gaps that the country still faces as an emerging market.

To encourage foreign direct investment, in addition to the free trade regime involving tax and logistic benefits for exports (see figure 12), Colombia's government has established three key instruments among its current investment incentives:

- Special benefits for anchor companies and mega-projects. Thanks to their international recognition, industry relevance, and reliability, they attract other investors along the value chain, contributing to the country's positioning as an investment destination.
- Tax benefits that stimulate business growth, such as corporate tax deductions, given that they lift corporate tax burdens at a regional level.
- Incentives for the development of strategic sectors with greater potential as creative industries, renewable energy generation, agricultural, among others.

REDUCED INCOME TAX AND VALUE-ADDED TAX EXEMPTIONS IN FREE TRADE ZONES

allowing access to local market

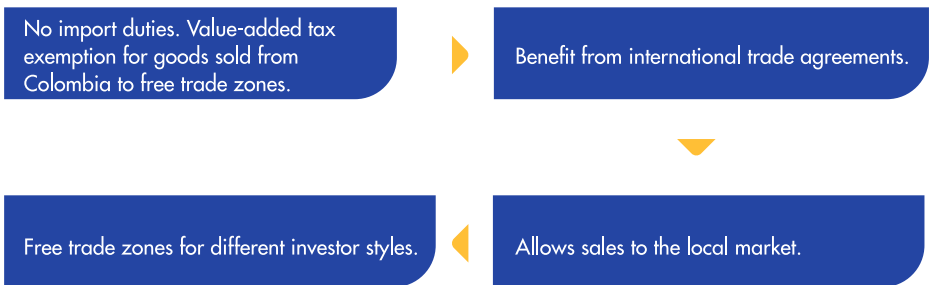


Figure 12



Source: Free trade zones directory, National Administrative Department of Statistics, 2019

PROGRESSIVE REDUCTION OF THE CORPORATE INCOME TAX RATE

Figure 13





MEGA-INVESTMENTS

Mega-investments are considered new investments within Colombia's territory of **approximately US\$306 million***, that generate at least 250 direct jobs.

BENEFITS:

- ▶ Reduction of the corporate income tax rate to 27%
- ▶ Fixed assets may be depreciated in a minimum term of two years, regardless of the useful life of the asset.
- ▶ Mega-investments would not be subject to presumptive income tax.
- ▶ Mega Investments would not be subject to the wealth tax.
- ▶ A new regime of legal fiscal stability is created to keep the benefits in case of adverse legal modifications in exchange for a premium of 0.75% of the investment value made every year for five years.

Exclusions: Investments in hydrocarbons and mines are excluded from this regime.



HOLDING COMPANIES

For national companies whose main purpose is the holding of securities, investment in shares, or participations abroad, some tax benefits have been established.

BENEFITS:

The dividends distributed by non-residents to the holding are exempt from income tax. Dividends distributed to non-residents are exempt from income tax.

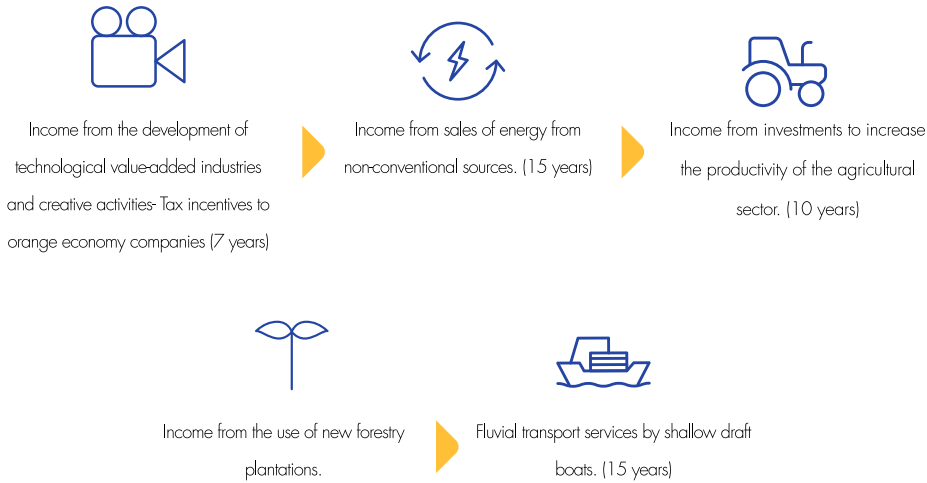
Although foreign investment is promoted in all sectors, Colombia's government is looking to boost four areas of the economy that can impact the country's competitiveness as well present interesting opportunities for the private sector: creative and technology-based services, energy, the agricultural sector, and infrastructure.



**Equivalent to 30,000,000 Tax Value Unit (TVU) at an exchange rate (September 17, 2019) US\$1 = 3,364 Colombian pesos*

SOME OF COLOMBIA'S INCOME-TAX EXEMPTIONS

Figure 14



Colombia boasts an important innovation platform thanks to a growing creative economy. Colombia's technology-based startups rank as some of the most important in Latin America.

ENTREPRENEURSHIP

OUR STARTUPS LEAD INNOVATION IN LATIN AMERICA

OUTSTANDING STARTUPS

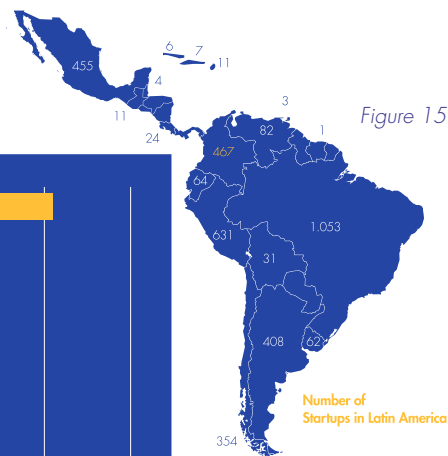
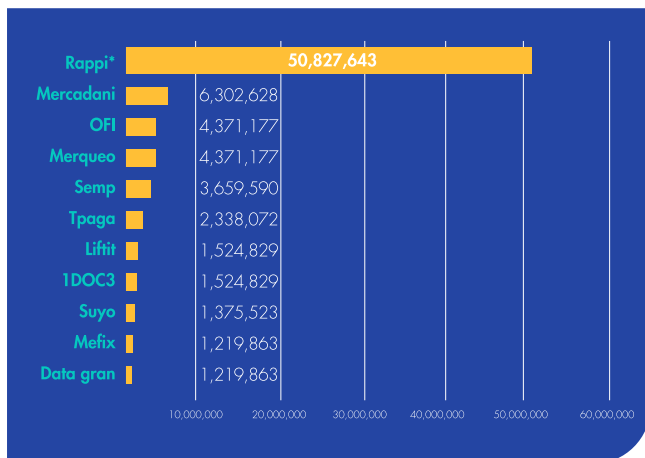


Figure 15

INVESTMENT VALUE

TOTAL: US\$79 million

Source: Startup Ranking, Statista, Ministry of Commerce, Industry and Tourism 2018

* Investment value of 2018, not including 2019 capital injection.



** In the venture capital industry, a unicorn refers to any tech startup company that reaches a \$1 billion dollar market value.

Research and innovation labs throughout the country are spreading and contributing to new products and services developments; a highly skilled labor force and scientific capabilities only strengthen the possibilities for innovation. CEmprende, a campus of entrepreneurship and invention, came about from an alliance between the ICT Ministry, the Ministry of Commerce, and iNNpulsa. Inspired by the Station F startup incubator, CEmprende will operate a system of articulated nodes with offices in Bogotá, Antioquia, Cundinamarca, Valle del Cauca, Colombia's Coffee Cultural Landscape*, and the Caribbean region.

Recently, Telefonica, the Spanish telecommunication company, announced its investment in CEmprende, as it plans to develop digital skills among the Colombian entrepreneurs.

**Colombian region which encompasses an area that comprises 47 municipalities in the departments of Caldas, Quindío, Risaralda and Valle del Cauca.*

Figure 16



Source: Colombian Ministry of Trade, Industry and Tourism

Colombia's government has acknowledged the digital revolution as one important engine of growth. Besides granting tax deduction to companies in the creative sector (see figure 14), Medellín's local government, in cooperation with Colombia's national government, have set up a Center for the Fourth Industrial Revolution (C4IR) which is part of the World Economic Forum network. Medellín's C4IR seeks to reconcile government initiatives in order to guide and regulate the development of new technologies, specifically the internet of things, artificial intelligence, and blockchain.

Foreign companies are also excited to participate in the C4IR initiative. In fact, Accenture, the American consultancy firm, has announced its participation in the creation of Nano Lab Medellín, a nanotechnology laboratory.

In addition to digital prospects, interesting opportunities abound in logistics infrastructure and unconventional energy production.

According to the Global Energy Architectural Performance Index 2017, Colombia ranks first in Latin America and eighth among 127 nations on its ability to deliver secure, affordable, and sustainable energy.

Colombia has a well-established mechanism to protect the dependability of the energy system in the long run. The reliability charge

scheme ensures energy supply for all users of the country who are connected to the grid, especially during extreme climatic phenomena such as El Niño. geographical position, Colombia has a high potential. Finally, thanks to its privileged geographical position, Colombia does not have seasons, (so it does not suffer extreme temperatures), which gives the country an increased potential to develop renewable projects such as photovoltaic, wind, and biomass energy.

In infrastructure, the focus is to reduce logistics costs, enhance productivity, and promote competitiveness. The regional logistics development plan to 2040, visualizes a systemic and integrated perspective defined by an institutional framework. This system consists of integrated corridors for developing logistic areas and intermodal subsystems (air, rail, fluvial and maritime) with sufficient capacities and efficient operations. Colombia is classified in Latin America as the second-leading country with the highest number of infrastructure projects under construction, and the third-leading country with the most projects awarded and in operation. Additionally, according to the World Economic Forum's Global Competitiveness Index (2017-2018), among Latin American countries, Colombia ranks fifth for a high potential in infrastructure development; according

to the United Nations Conference On Trade and Development's (UNCTAD) Liner Shipping Connectivity Index, Colombia has historically occupied first place in maritime connectivity in South America due to the 4,310 routes offered by more than 25 shipping companies and seven consolidators that arrive at Colombian ports.

Approximately US\$17 billion is being invested to increase and improve the Fourth Generation (4G) road infrastructure, with 7,000 kilometers of new roads, more than 1,370 double lanes, 141 tunnels (stretching a total of 125 kilometers), and 1,300 viaducts (reaching a total of 146 kilometers). Such overall investment creates 200,000 direct jobs in 24 departments. Finally, According to the Airport Council International World (ACI), Colombia is the eighth-leading country worldwide with the highest projected growth of air traffic in the next 20 years; El Dorado International Airport is the air terminal with the largest cargo movement in Latin America.

Colombia's government is also eager to promote agriculture and hotel infrastructure and tourism. Colombia is largely rural, with extensive agricultural development opportunities. Due to its climate, diverse altitudinal layers, water availability, and nutrient-rich land, Colombia produces a wide range of agricultural goods throughout the year. Commercial opportunities particularly stand out in the sectors of medicinal cannabis, fruits, cacao, and forestry. One of the main reasons for investing in this sector is that Colombia has ideal conditions to develop agroindustry projects. According to the Food and Agriculture Organization (FAO), Colombia is one of the world's seven tropical countries that will be the world's food suppliers in the upcoming years.



INCENTIVES

Hotels, theme parks, ecotourism, agritourism and new boat docks

The Colombian countryside has characteristics that will turn it into an agricultural leader in the region: Colombia is the fifth-largest country in Latin America, with an area of 114 million hectares; of them, roughly 40 million hectares were declared a national agricultural frontier (35% of the national territory) by the Agricultural Rural Planning Unit. Of the 40 million hectares, approximately only 8 million have been cultivated, so the potential for agricultural development is quite broad.

Tropical conditions allow Colombia to produce a wide variety of foods. Thanks to its location on the equator, the national territory benefits from considerable sunlight yearround, permitting the growth of all types of crops throughout year. In Colombia it is possible to cultivate both at sea level and at altitudes of 2,800 meters (9,168 feet), altitudes that represent close to 95% of the national territory. Also, Colombia receives sufficient annual rainfall: According to the FAO, the availability of water in the country is one of the highest in the world. This has allowed Colombia to develop more than 730 irrigation districts throughout the country.

Finally, Colombia is a country with one of the highest rates of foreign visitors in Latin America. In 2018, with 4.3 million visitors – a record in Colombia – inbound tourism in Colombia grew by 7.7% compared with 2017.

Incentives were extended to municipalities with more than 200,000 people to promote hotels, theme parks, ecotourism, agritourism and new boat docks.



Tourism investments in municipalities of less than 200,000 inhabitants will have an income tax rate of 9% for 20 years. Valid until 2029.



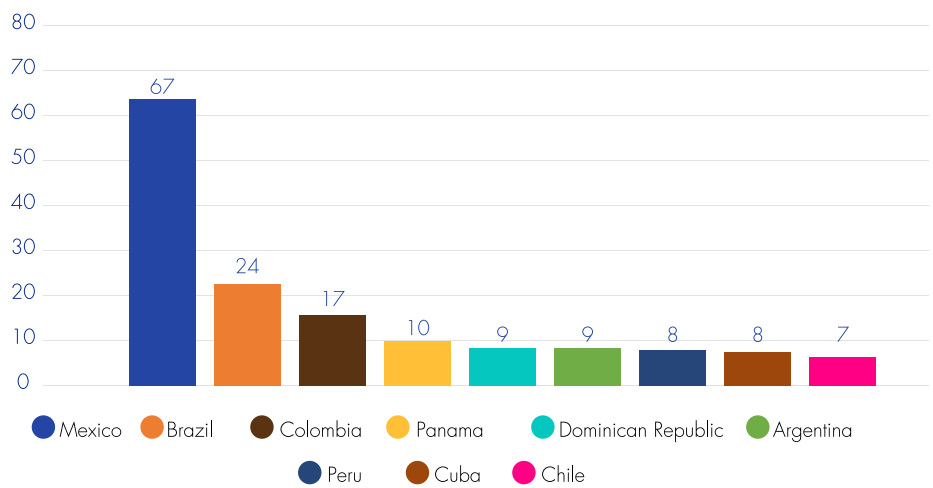
Tourism investment in municipalities over 200,000 inhabitants will have an income tax rate of 9% for 10 years. Valid until 2023.

Between 2003 and 2018, Colombia ranked third for the number of FDI projects in the hotel and tourism sector in Latin America. These projects were and still are receiving tax incentives (see figure 17).

NUMBER OF FDI PROJECTS

in the Hotel and Tourism Sector in Latin America, 2003-2018

Figure 17



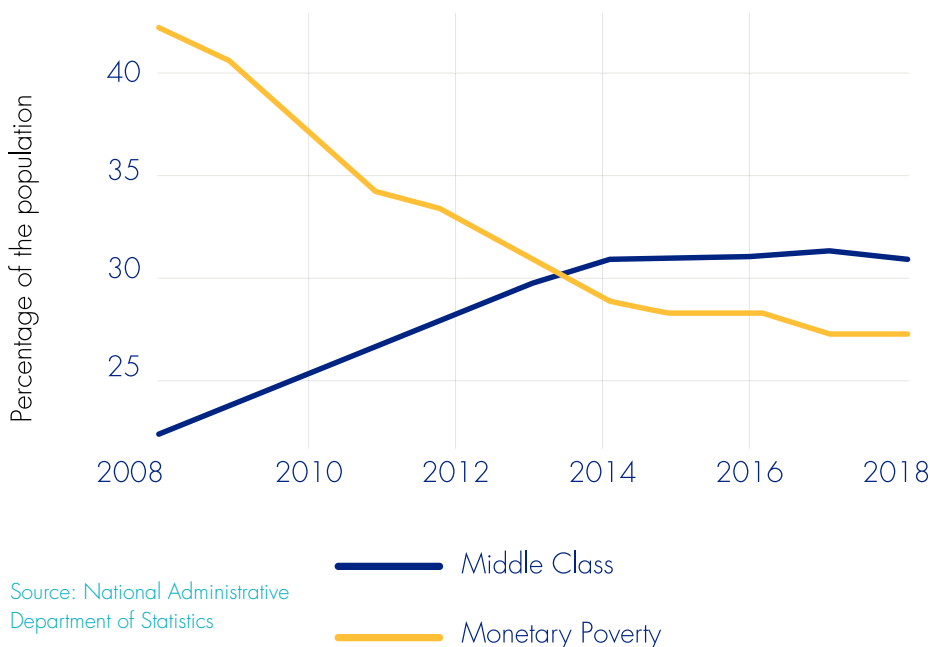
Opportunities vary in terms of sector and region. Colombia has several development centers – 11 cities with a population of more than 500,000, and 27 cities with more than 250,000 – which has helped the country redistribute its economic growth and development to intermediate cities. By 2020, 14 new cities are expected to boast more than 500,000 inhabitants each.

Colombia Believes in a Free-Market Economy Based on the Dynamic Interactions of the Private Sector

Colombia, the Latin American country with the most stable democracy, has been an advocate of private enterprise as a growth engine, a way to reduce inequality and a means for cultural development. This vision has led to a recovery of the country's economic indicators in recent years.

Colombia's middle class represents about 30.8% of the Colombian population and has been growing significantly. This is reducing inequality gaps. By 2025, the middle class in Colombia is expected to represent 46% of a population equivalent to 25 million people.

Figure 18



The Colombian economy has grown on average 3.7% year over year between 2010 and 2018. In 2018, the country's economy grew by 2.6%; this figure represents above average growth for Latin America and the Caribbean (1.0%)*.

The GDP per capita in Colombia has doubled in the past 19 years, from US\$6,584 in 2000 to US\$14,943 in 2018. According to the International Monetary Fund (IMF) estimates, it will reach US\$16,265 in 2020.

Colombia's government is committed to implementing the best economic and social practices. As a result of this commitment, Colombia was accepted into the Organization for Economic Co-operation and Development in 2018. Such inclusion brings with it several advantages. In a general sense, Colombia has access to other countries' best practices and can establish roadmaps to greater prosperity. With the advices that Colombia has already received, the country is starting to build more efficient and transparent institutions that are in line with the OECD's principles of stability and democracy.

From the lessons learned in this first year as a member of the OECD, the government has already triggered certain actions, such as the deduction of corporate taxes and the reduction of bureaucratic procedures. More specifically, the Colombia's government has introduced the "Estado simple, Colombia Ágil" ("simple state, agile Colombia") campaign, which has already tackled 1,111 procedures, thereby facilitating the government's relationships with citizens, businesses, and social organizations.

These streamlined strategies are already delivering results. According to the International Institute for Management Development (IMD) World Competitiveness Ranking**, for the first time in five years Colombia improved its competitiveness, advancing from 58th place to 52th and becoming the third most competitive country in the region. The results emphasize business efficiency, price competitiveness, and the efficiency in the labor market, in which Colombia ranks first among Latin American countries.

***Source: Colombia's National Administrative Department of Statistics – International Monetary Fund*



WORLD COMPETITIVENESS RANKING 2019 COLOMBIA'S COMPETITIVENESS LANDSCAPE

	2017	2018	2019
Economic performance	41	51	50
Government efficiency	56	58	56
Business efficiency	53	56	47
Infrastructure	58	58	56

***The IMD World Competitiveness Ranking, assesses countries' ability to offer a competitive environment for companies, using published statistical data and senior executive survey results.*

* Most competitive country ranks number 1

There Is a Team Ready to Assist You

The strategic value created by the relations between Colombian and American companies means that both countries' companies have a diverse group of stakeholders working to make business possible:

AmCham Colombia is the entity charged with promoting trade, investment, business, and free enterprise; it focuses on the commercial interests of Colombia and the United States in both hemispheric and global markets. AmCham does this by constantly offering the associated companies opportunities to enhance their businesses in both countries. AmCham Colombia helps companies reach new markets and grow stronger, with access to privileged information and analysis of current market trends.



U.S. Chamber of Commerce is the world's largest business organization, representing the interests of more than 3 million businesses of all sizes, sectors, and regions, including the largest investors in Colombia. Its members range from mom-and-pop shops and local chambers to leading industry associations and large corporations.



U.S. CHAMBER OF COMMERCE

ANDI Asociación Nacional de Empresarios de Colombia (National Business Association of Colombia) is a nonprofit organization whose main purpose is to expand and promote economic, social, and political principles within a free enterprise system, based on beliefs that include human dignity, political democracy, social justice, and liberty. Currently, ANDI is Colombia's most important nonprofit organization; its more than 1,200 members represent 40% to 55% of the national GDP.



ProColombia is the government agency in charge of promoting foreign direct investment, supporting nontraditional exports, and promoting Colombia as an international tourism destination.





Success Stories

CARGILL

Sector: Food and agriculture

Year of opening: 1968

Brief history: Cargill provides food, agricultural, industrial, and financial services and products to the world. This U.S. multinational has 155,000 employees in 70 countries.

Overview of Colombian business: Cargill initiated activities in Colombia in 1968. The company arrived in the country into grain commercialization, then into coffee culture. Years later, the company started production of fertilizers and continued to strengthen the grains and oils commercialization.

In 2011, Cargill acquired Provimi, a company focused on animal nutrition and premix technology, for Cargill Animal Nutrition. In 2014, Cargill Protein began the analysis of potential investments in the country, acquiring Pollos El Bucanero in 2017 and, one year later, Campollo to consolidate the Protein business in Colombia and Latin America.

Cargill in Colombia has operated for 50 years and today has four companies: C.I Cargill de Colombia Ltda, dedicated to grains commercialization; Provimi for premixes production and balanced feed in animal nutrition; Pollos El Bucanero and Campollo for protein business. It has operations in four departments of the country with distribution throughout the country. Cargill also has 300 farms, 13 facilities and one poultry complex, employs roughly 8,000 people, and serves more than 40,000 customers through its businesses in the country.

- **Agricultural Supply Chain:** sells grains, agricultural inputs and oils through import and export, with its business C.I Cargill de Colombia Ltda.
- **Food:** produces and commercializes Protein, with two businesses: Pollos El Bucanero, located in the southwestern zone; and Campollo, in the East zone and Atlantic Coast of the country.
- **Animal Nutrition:** focuses on the production of feed and premix (Provimi).

Factors for choosing to invest in Colombia: The country's growth potential, trajectory and experience acquiring companies, geographical location, political stability, growth in the consumption of chicken, and export viability.



UNITEDHEALTH GROUP

Sector: Health Care

Year of market entry: 2018

Brief history: UnitedHealth Group (UHG) is a diversified health care company dedicated to helping people live healthier lives and helping make the health system work better for everyone. Since its inception, UHG has grown a family of businesses that leverage distinctive competencies in data and health information, advanced technology, and clinical insights. These core competencies are deployed in two strategically aligned business platforms: health benefits operating under UnitedHealthcare and health services operating under Optum. Currently, UHG operates in 130 countries, with approximately 325,000 employees serving over 142 million people worldwide.

Overview of Colombian business: In January 2018, UnitedHealth acquired Empresas Banmédica, a leading health care provider and insurer serving Chile, Colombia and Peru. Currently, UHG Colombia operates both in the health insurance market – through companies Colmédica and Aliansalud – and in health care delivery, which is provided by subsidiaries Clinicas del Country, Clinica La Colina, and Colmédica.

UHG's Empresas Banmédica is a leading private health care company across the markets in which it operates, serving more than 2 million consumers through health benefits and nearly 4 million patients through the delivery of health care across 13 hospitals and 113 medical centers. In Colombia, it employs nearly 5,000 people and serves 350,000 members through its two hospitals and 26 clinics and outpatient facilities.

Factors for choosing to invest in Colombia: The expansion to Colombia allowed UHG to combine a strong local team and health care platform in a vibrant economy with UHG's core capabilities across clinical, technology, and data and analytics.

UNITEDHEALTH GROUP®

CITIGROUP

Sector: Banking and financial services

Year of opening: 1916

Brief history: Citi has been enabling trade and investment between the U.S. and Colombia, and with the rest of the world, since 1916. With over 103 years of uninterrupted presence, Citi is the oldest foreign financial enterprise in Colombia, as well as the most global corporate and investment bank in the country.

Overview of Colombian business: Citi's global and regional network is of unique value to our Colombian and multinational clients, the government of Colombia, and local financial institutions, all of which require seamless connectivity, market information and transactional networks to carry out local, regional, and global activities. Over 800 Citi employees support client activity in key areas such as transactional services and custody; cash management and trade; capital markets and investment banking; and lending.

Citi Colombia is a recognized leader in the capital markets space, with treasury teams that handle significant volumes of transactions for international clients investing in Colombia. Citi is the largest custodian in Colombia, facilitating over 90% of foreign portfolio investors' activity in the country. It is a lead bank to both government and corporate issuers, and provides critical risk management tools to control interest and foreign exchange risks.

As part of its strategy, Citi Colombia is heavily investing in digital capabilities and collaborating with local FinTechs to enhance the solutions it provides to clients.

Factors for choosing to invest in Colombia: The attractiveness of the Colombian market extends well beyond domestic business. Colombia is at the center of Citi's regional strategy, and Bogota is home to the firm's Latin America North operations. The trade and investment flows in the Andean, Central American and Caribbean countries usually involve a Colombian client, reflecting the importance of Colombia as a trading partner as well as a provider and recipient of direct investment.

Colombian talent is also a key reason Citi established a Regional Operations Center (ROC) in the country, which employs more than 300 people and offers services to North American and Latin American clients. The ROC processes the majority of Citi's treasury transactions, cash management and custody services in the region.



CHUBB

Sector: Insurance

Year of market entry: Chubb has more than 50 years of experience in the Colombian insurance market through its predecessor companies. The Financial Superintendence of Colombia approved the merger between ACE and Chubb in Colombia on November 1st, 2016.

Brief history: Chubb is the world's largest publicly traded property and casualty insurance company. With operations in 54 countries and territories, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. The company is also defined by its extensive product and service offerings, broad distribution capabilities, exceptional financial strength and local operations globally. Parent company Chubb Limited is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index. Chubb maintains executive offices in Zurich, New York, London, Paris and other locations, and employs approximately 30.000 people worldwide.

Overview of Colombian business: Chubb is Colombia's fifth largest foreign insurer in terms of gross written premiums, with a four percent market share. Chubb has branches in 5 major cities: Bogotá, Medellín, Cali, Barranquilla and Bucaramanga, employing more than 400 Colombians nationwide.

Chubb sells more than 200 products through brokers, agents and sponsors. The company has a broad range of customers, from multinational companies, small and medium businesses to people and their most valuable possessions. Chubb brings its world class insurance expertise, including innovative digital and cyber products, to the Colombian market.

Colombia is the fourth largest market for Chubb in Latin America after Mexico, Brazil and Chile. It has the highest rating (AAA) on Financial Strength granted by Value and Risk Rating

Factors for choosing to invest in Colombia:

Colombia is the 4th largest economy in Latin America. During the last few decades it has been characterized by its economic and political strength. It is also among the 30 most populated countries in the world (population of 45.5 million) and the second among Spanish-speaking countries. According to Doing Business 2018, the country is the fourth most business-friendly destination in Latin America.

CHUBB®

GRUPO ARGOS

Sector: Infrastructure

Year founded: 1934

Brief history: Grupo Argos is a leading infrastructure holding company in the Americas, a leader in the cement business through Cementos Argos, and has a unique investment platform for road and airport concessions managed by Odinsa and a differentiated and innovative portfolio in both conventional and renewable energy sources managed by Celsia. It is the most liquid company to invest in infrastructure related sectors in Colombia and the region. It holds a solid and articulated portfolio that exceeds COP 53 trillion in consolidated assets. Its strategy has led Grupo Argos to achieve a balance between different geographies and currencies, which allows it to take advantage of the different economic cycles of the 18 countries where it is present.

Year of internationalization: In 2005, the organization began its expansion process to the United States and in 2008 to Central America. Currently, with its three businesses, Grupo Argos is present in 18 countries.

Factors for choosing internationalization in the United States: Grupo Argos and its businesses in the United States and Central America has been marked by the acquisition of strategically located companies that represent opportunities for new businesses. Such is the case of prioritizing operations with access to international ports, which Cementos Argos has been doing since 2005. As well as the acquisition of Celsia's hydro and thermal power plants in Colombia and Costa Rica in 2014, and having Odinsa in Aruba, Dominican Republic and Ecuador. Geographic diversification has strengthened Grupo Argos' investment portfolio and that implies financial strength and balance that currently consolidates it as a relevant infrastructure holding company in the Americas.

Financial data: Our current strategy proposes two lines: to grow selectively and profitably and, simultaneously, to strengthen the profitability of existing operations. This is how, in a consolidated manner during 2018, in our growth line we reassigned capital for over COP 3.5 trillion in sales, mergers or acquisition operations as well as in operations of simplification and of targeting our portfolio. Regarding our search for profitability, we continue to have an Ebitda growth that consolidated to the third quarter is of COP 3.5 trillion, thus, representing almost 90% of the annual Ebitda achieved in 2018 and is, in turn, the highest quarterly Ebitda in the history of our business group.



ECOPETROL

Sector: Oil and gas

Year founded: 1951

Brief history: Ecopetrol is the largest company in Colombia and one of the top four oil and gas companies in Latin America. It is an integrated oil and gas company that generates over 60% of the national hydrocarbon production, owns the largest refineries in Colombia and most of the pipeline and multi-product pipeline network in the country, and participate in biofuels. Besides Colombia, it has exploration and production activities in the U.S. Gulf of Mexico, Permian Basin, Brazil and Mexico. Currently, the United States contributes roughly 2% of the company's total production. With the recent entry into the Permian Basin, Ecopetrol will see U.S. production increase by average 7% year over year, in the coming years.

Year of internationalization: In 2007, the company expanded to the United States and Brazil; in 2016, it expanded to Mexico.

Factors for choosing internationalization in the United States: Internalization is part of the strategy of Ecopetrol to strengthen and diversify its portfolio by entering into countries with a stable regulatory framework, material assets and opportunities, with added value as leading technology, highly skilled workforce and business environment.

Financial data: In 2018, Ecopetrol generated revenues in the United States of US\$249 million and invested US\$88 million through its subsidiary in the Gulf of Mexico. For 2019, it has an organic investment plan of US\$76 million. In July 2019, Ecopetrol announced the signing of a joint venture with Occidental Petroleum to develop 97,000 net acres in the Permian Basin. The deal's cost was \$1,500 million for Ecopetrol.



CRYSTAL S.A.S

Sector: Textile

Year founded: 1948

Brief history: Located in Medellin, Colombia, Crystal S.A.S is a family-owned company.

Its operation have five business units, as follows:

- Spinning Mill: This is a 50/50 joint venture with Parkdale Mills; and its capabilities are cotton and cotton blends
- Knits: Underwear, sportswear, casualwear, sleepwear, loungewear, activewear, and athleisure for Men, Women, Junior, Kids, and Babies
 - Textile mill (knitting, dyeing, finishing and cutting) with production capacity of 12 tons per day. Fabrics: cotton, cotton blends, synthetics and other natural fabrics
 - Manufacturing capacity for 155,000 units per day
- Socks
 - All types of socks for men, women, juniors, kids, and babies
 - Capacity of 150,000 socks per day
- Seamless
 - Underwear and activewear for men, women, and kids
 - Santoni machines
 - Capacity of 23,000 units per day
- Retail
 - Four brands: Punto Blanco, GEF, Baby Fresh, Galax
 - Two hundred fifty-five stores in Colombia and Central America
 - Online Punto Blanco, GEF, Baby Fresh
 - WRAP, BASC, CTPAT certifications
 - VMI capabilities with own D.C. operation located in Miami

Crystal has been exporting for 30 years.

Factors for choosing the U.S. market: The U.S. apparel market is the largest in the world.

In 2016 store-based retailing was valued at approximately US\$292 billion and projections for 2025 of the Market size is US\$390 billion.

- All global brands have presence in this market
- Same hemisphere
- Free trade agreement



COLOMBINA

Sector: Consumer packaged goods (CPG)

Year founded: 1927

Brief history: Colombina is an international food company that endeavors to delight consumers with a combination of innovation and great tasting products. According to the firm RobecoSAM (firm that calculates the Dow Jones Sustainability Index), for the sixth consecutive year Colombina is among the best food companies with the best sustainable practices worldwide. Colombina has almost 8,000 employees in 14 countries and seven manufacturing facilities.

Year of internationalization and location of the enterprise abroad: Colombina began exporting to the United States in 1965; it was one of the first Colombian companies to export to this country. Today, Colombina has direct operations in Colombia, Venezuela, Ecuador, Peru, Chile, Panama, Costa Rica, Honduras, El Salvador, Guatemala, the United States, the Dominican Republic, Puerto Rico, and Spain.

Factors in choosing internationalization in the United States: The United States is the main confectionery market in the world; further, free trade agreements allow for greater competitiveness there. Since 2006 Colombina has had direct operations in the United States with a commercial office located in Miami and warehouses in New Jersey and Houston, generating a total of 24 jobs. In this operations works about 24 people. Colombina's portfolio comprises sugar confectionery, chocolates, cookies, crackers, sauces, and preserves. Colombina is the first confectionery exporter from Colombia to the United States*.

Financial data: Since opening its operations in the U.S., Colombina has seen sales grow by 10% annually. In 2019, sales are estimated to reach US\$36 million. Colombina has a total company sale of US\$610 million, which belongs 60% to the Colombian market and 39% to the international market, selling its products in more than 90 countries around the world.



FAQs and Investor Resources

Legal Services Directory: The directory offers foreign investors and entrepreneurs a guide to some of the most important law firms in Colombia.

Legal Guide to Doing Business in Colombia: This document explains the most important aspects of the Colombian legal framework as it related to business enterprises in the country. It answers the most frequently asked questions on topics such as foreign investment and exchange regimes, labor law, taxes, migration, and foreign trade.

Investment Services Directory: It offers information of services providers to facilitate the process of establishing businesses in our country.

Colombia's official investment website: The site can provide a range of resources that can be used for consultation.

www.investincolombia.com.co

