



SCARBROUGH

QUESTION/ANSWER FORUM:
DOING BUSINESS WITH COLOMBIA





THE SCARBROUGH GROUP

Freight Forwarding &
U.S. Customs Brokerage



1984

NVOCC Operations &
Consolidation Services



2003

Freight Forwarding &
Mexico Customs Brokerage



2015

1988



Regional Asset-Based Trucks

2014



North American Truck Brokerage

2018



Customs & Supply Chain Consulting



ABOUT THE SPEAKERS



PROCOLOMBIA

EXPORTS TOURISM INVESTMENT COUNTRY BRAND

Alejandro Tribin
Foreign Direct Investment Specialist
Mid West Region
PROCOLOMBIA
atribin@procolombia.co

www.procolombia.co



SCAR·U
Scarbrough University

Kim Taylor
Marketing Director
Scarbrough International, Ltd.
ktaylor@scarbrough-intl.com

Chad Clooten
Export Operations
Scarbrough International, Ltd.
cclooten@scarbrough-intl.com



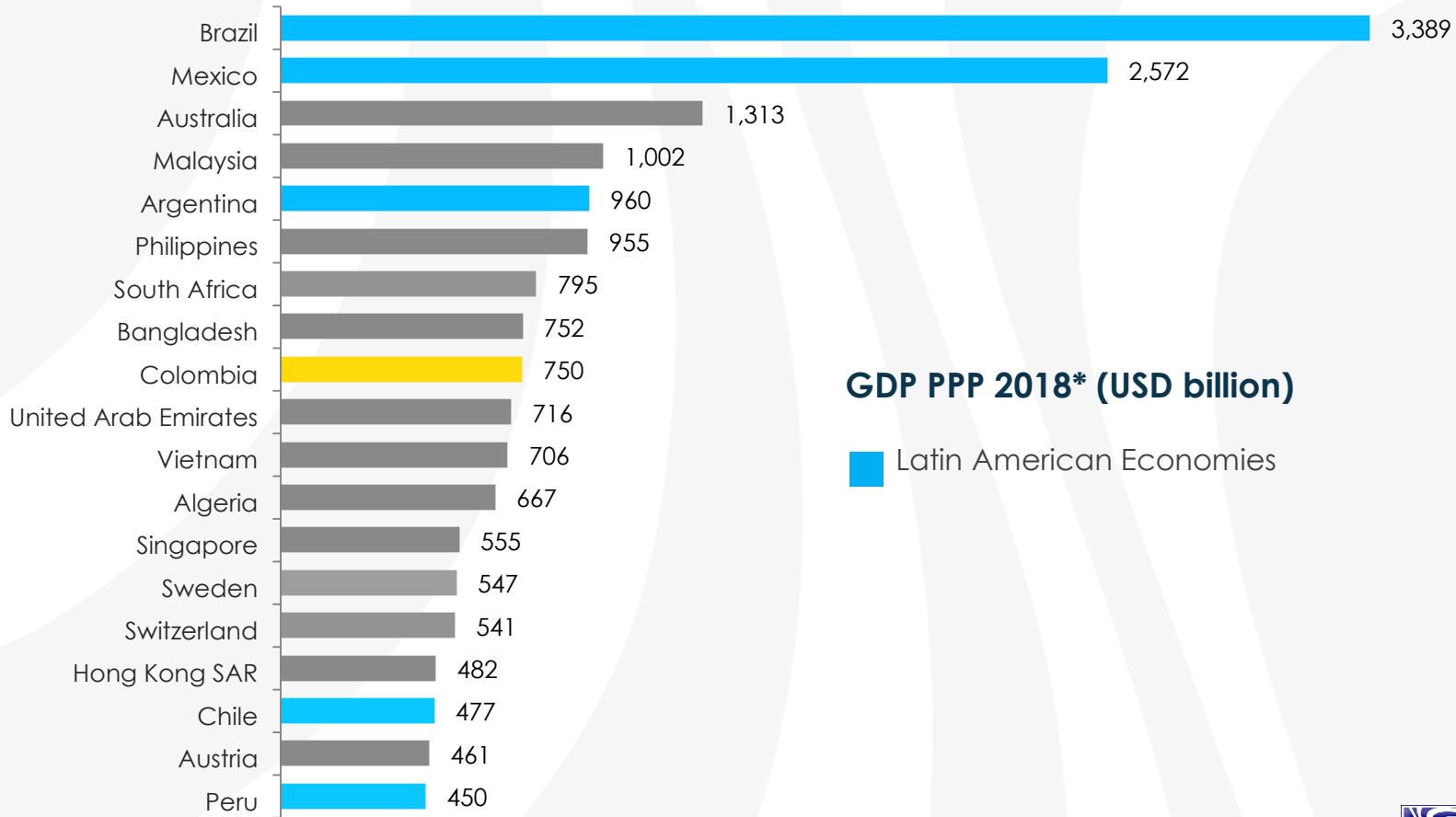
ABOUT COLOMBIA

- 32nd Largest export economy in the world
- Population: 47,698,524
- GDP per Capita: \$14,500 (2017)
(USA = \$57,400; EU = \$39,200)
- GDP Growth rate: 1.7% (2017)
(USA = 1.6%)
- Unemployment: 9.3 % (Dec 2017)
- Inflation: 3 % (2017)
- Exports = USD 36.79 Billion (2017)
- Imports = USD 44.68 Billion (2017)





Colombia is 4th largest economy in Latin America



*Projections. Source: IMF, WEO, April 2018

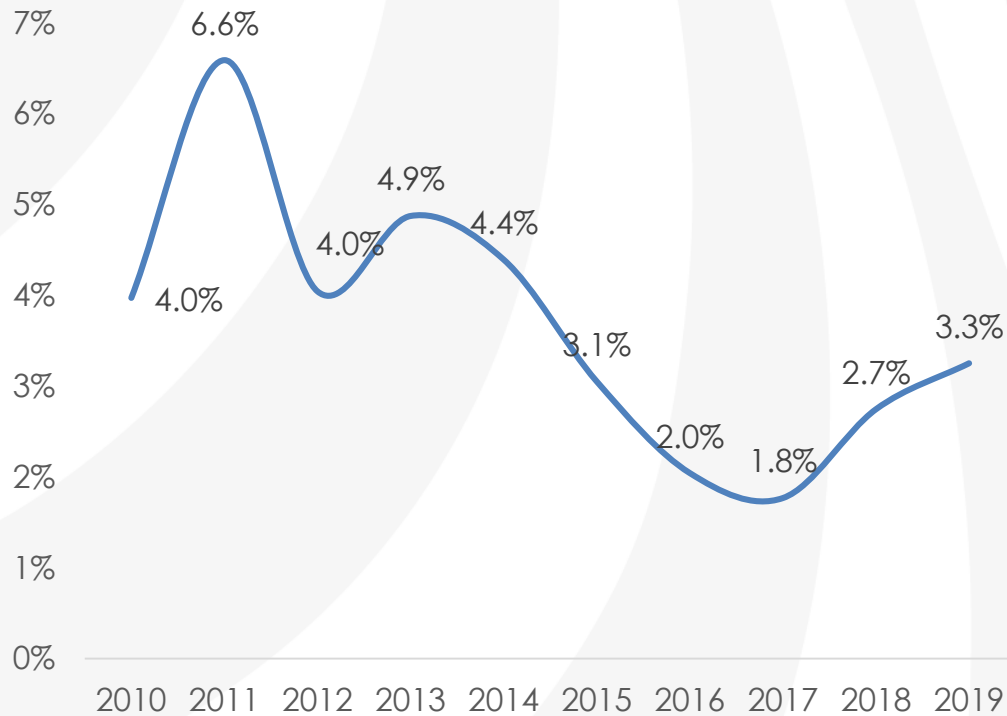




Path of Recovery and Growth



**GDP constant prices
(percent change, %)**



Source: IMF, WEO 2018, April.

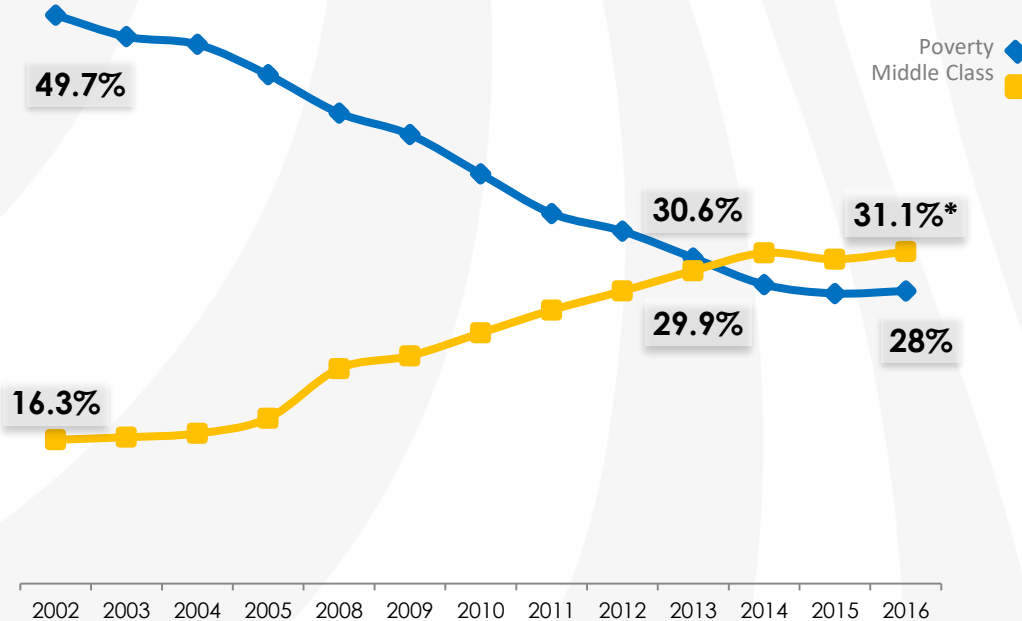


Rapidly Growing Middle Class



Percentage of people in poverty

2002 – 2016



Colombia has continuously decreased its poverty levels

Source: Poverty: National Administrative Department of Statistics – DANE
Middle class: The gained decade: the evolution of the middle class in Colombia between 2002 and 2011. Document CEDE # 50. Universidad de los Andes. And RADDAR for 2013 data.

*Middle class 2016: Estimates calculated by ProColombia



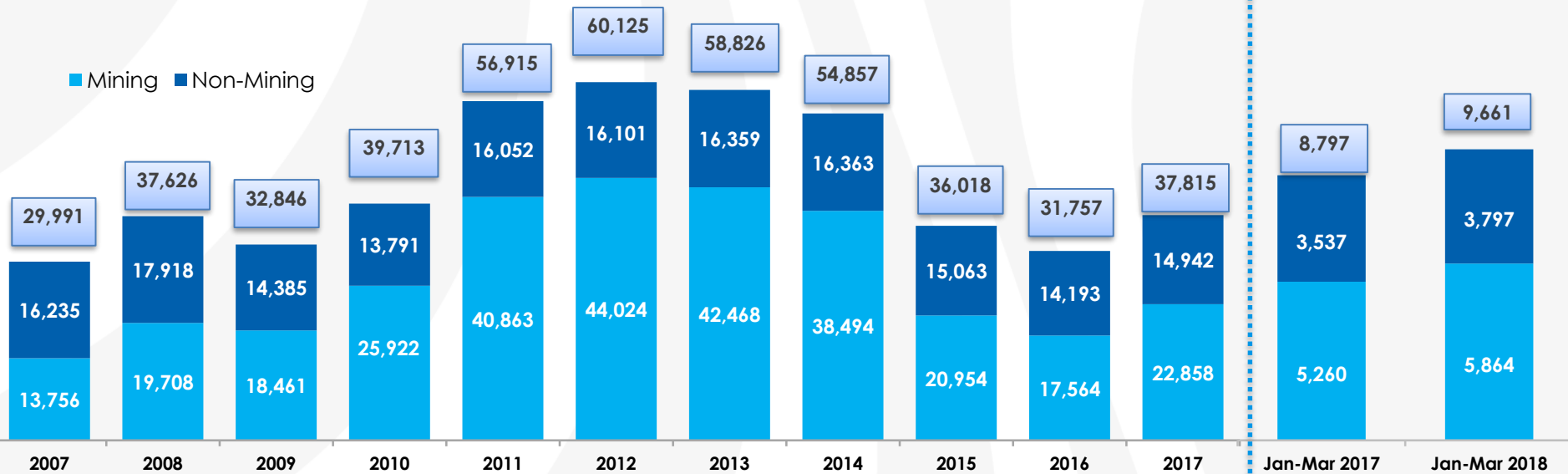
COLOMBIA EXPORTS



Exports are expected to grow 12% by 2024, reaching USD 61.4 billion

Colombian exports increased 19% in 2017

■ Mining ■ Non-Mining



Agroindustry and Metalworking sectors performed the most dynamism in their exports during 2017.

Source: DANE, DIAN, 2018.

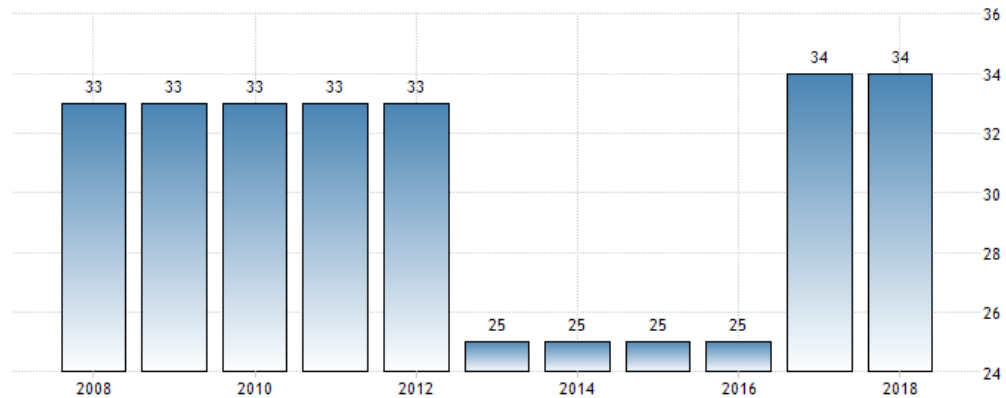


TAX STRUCTURE

Income Range in UVT ^[5]	Tax Rate
0 to 1,400	0%
>1,400 to 1,700	19%
>1,700 to 4,100	28%
>4,100	33%

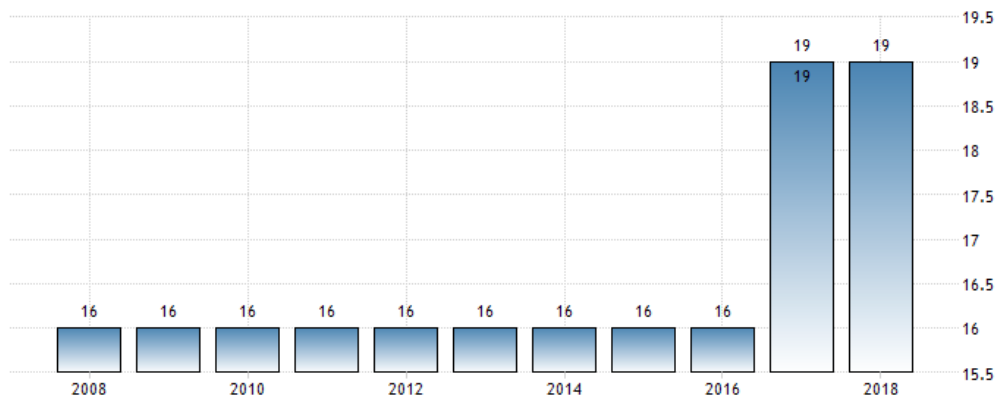
* 1 UVT = \$33.156 COP (USD\$ 11.50) for 2018

COLOMBIA CORPORATE TAX RATE



SOURCE: TRADINGECONOMICS.COM | DIRECTORATE OF NATIONAL TAXES AND CUSTOMS (DIAN)

COLOMBIA SALES TAX RATE - VAT



SOURCE: TRADINGECONOMICS.COM | DIRECTORATE OF NATIONAL TAXES AND CUSTOMS (DIAN)





COLOMBIA TRADE

- **Top Exports:**

- Oil
- Coffee, Tea, Spices
- Precious Metals
- Live trees, Plants, Cut Flowers
- Fruit, Nuts

- **Top Imports:**

- Machinery
- Electrical Machinery
- Mineral Fuels
- Vehicles

- **Top Export Countries:**

- United States
- Panama
- China
- Netherlands
- Mexico

- **Top Import Countries:**

- United States
- China
- Mexico
- Brazil
- Germany



COLOMBIAN CULTURE

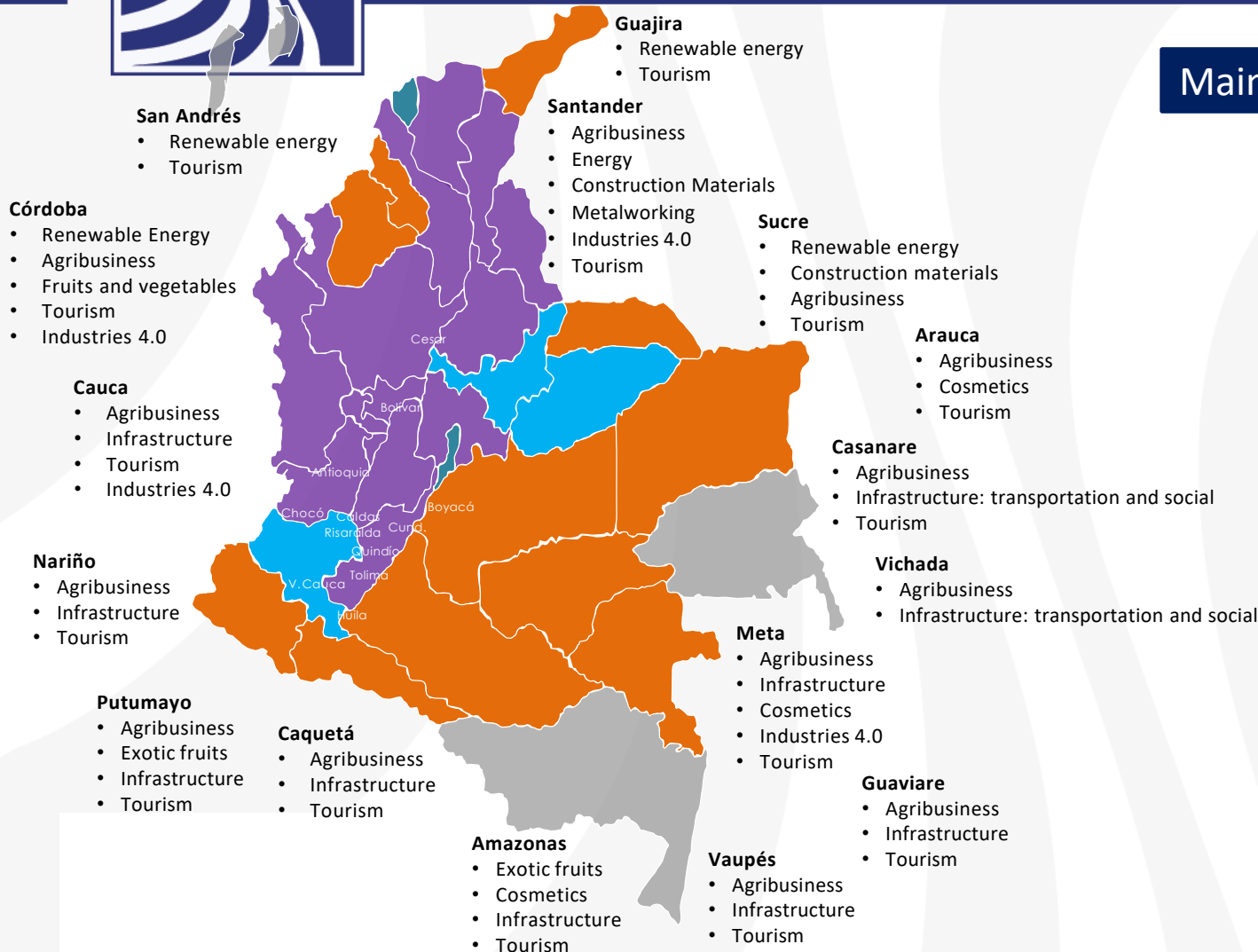
- Greetings
- Timing and Scheduling
- Body Language
- Corporate Culture
- Language and Communications
- What to wear
- Meals and Meetings
- Business Relationships





INDUSTRY SECTORS BY REGION

Main Business Sectors



Existing agencies (15)

New regions (11)

Regions in process (3)



OPPORTUNITIES

ECONOMIC EXPANSION & MODERNIZATION



Airports



Ports



Roads



Step railways



Fluvial National plan

- USD \$5.6 billion in rehabilitation, expansion and modernization of 31 airports (2015 – 2018).
- The Fluvial National Plan consists of 13 river projects with an investment of USD \$2.9 billion.
- Until 2035, USD \$17 billion will be invested to increase road infrastructure:
 - 7,000 kms of new highways
 - 1,370 kms of double lane highways
 - 141 tunnels
 - 1,300 viaducts
- USD \$3.3 million investment to recover more than 1,769 kms of railways network.

Source: Intermodal Transport Master Plan 2015-2035 (PMTI), Ministry of Transport - Exchange rate: USD = COP\$3,000



OPPORTUNITIES

ENERGY



Thermal



Micro hydro



Solar



Wind



Biomass



Transmission network

- 546 power generation projects registered in different stages: Installed capacity up to 15,940*
- 22 Open public bids for power transmission projects in Colombia**
- High potential in Biofuels and alternative energies.
- Projects focused on renewable energy will have special VAT exemptions, deduction from taxable income and customs exemptions – Law 1715
- Colombia ranked first in Latin America and eighth in the world according to the “Energy Architecture Performance Index 2017”. WEF, 2017.

Source: World Economic Forum 2016 and UPME / * UPME (Colombian Planning Unit of Mines and Energy). MW approx.. **Bids open by UPME



OPPORTUNITIES

AGRICULTURE



Some niche opportunities



Aquaculture



Cocoa



Cereals



Fruits and vegetables



Meat



Processed food



Rubber



Biofuels



Forestry

Investment Opportunities

- Expansion of cultivated areas with a high global demand of agricultural products, construction of collection centers and assembly of processing plants (IQF, pulps, jams).
- Construction of cocoa processing plants for cocoa butter, cocoa liquor and chocolate products.
- Colombia has the fourth dairy herd and largest dairy production in the region, which guarantees easy access to raw materials for the subsequent transformation of dairy products.
- Build specialized industrial facilities to transform natural rubber into value-added elements.



OPPORTUNITIES

METAL MANUFACTURING



Automotive and
auto parts



Metal Manufacturing



Construction
materials

- Setting up assembly lines to produce commercial vehicles (buses), cargo vehicles and motorcycles to serve both local and international markets using Colombia as an export platform.
- Colombia has specialized in the production of vehicles and motorcycles to meet local and international demand as well in the auto parts market that allow it to respond to the needs of assemblers and the aftermarket.
- Setting up factories that transform iron and steel products with the aim of meeting other industries demand.
- The development of sectors such as construction, automotive, shipyards and metallurgy opens a huge investment potential in the manufacture of metal structures, tools and machinery.
- Establishment of cement, ceramic and prefabricated production plants to supply local and international markets.
- Colombia has a portfolio of projects for the construction of housing, road infrastructure and air transport, which makes it an attractive destination for companies in the sector.



OPPORTUNITIES

LIFE SCIENCES



Fertilizers



Natural ingredients for cosmetics



Plastic Packaging

- Setting up agrochemicals formulation and production plants to serve the growing local market.
- Colombia is the second country in the region with the highest fertilizer consumption per hectare. In Latin America, Colombia is 5.5 times above the average.
- Setting up research centers on development of cosmetics based on natural ingredients. Taking advantage of the Colombian biological and floristic diversity; and the tax incentives provided by the National Government for R&D projects.
- The country has positioned itself as a hub for the production of cosmetics and toiletries at a regional level. It is the fourth manufacturing industry with the highest exports in the country.
- Assembly of plastic packaging production plants to meet the needs of the LAC region.
- Colombia counts with high quality raw materials for packaging with highly technical control equipment.



OPPORTUNITIES SERVICES



BPO Back Office -
Finance



BPO -
Telemedicine



Big Data
Analytics



Shared service centers



Data centers



FinTech



Smart Cities

- Colombia is one the three major providers of IT services in the region.
- Between 2001 and 2015, 3,405,211 graduates in different levels of education,
- 1.3 million bilingual people in Colombia in 2016.
- 1st place in Suramericana in labor qualifies, according to IMD (2015)
- 6th place in the region in level of companies bilingualism in 2016.
- Colombia has 10 submarine cables, with eight exits through the Caribbean Sea and one through the Pacific Ocean.

Source: MinTic and IDC



OPPORTUNITIES

TOURISM



Nature &
Adventure



Wellness



Entertainment



City Hotels

- Colombia ranks 25th in the ICCA ranking (International Congress and Convention Association)
- Luxury and wellness hotels can take advantage of the Colombian biodiversity to offer high quality services.
- Corporate Tax Exemption for hotels with more than 61% of their building by December 2017
- VAT exemption for health tourism services

*Inbound tourist includes: resident Colombians abroad, foreign non resident in Colombia, special cross borders, and cruise visitors.
Source: Migration Colombia and MinCIT. ProColombia calculations.*



HOW TO FIND A BUYER OR SUPPLIER



PROCOLOMBIA

EXPORTS TOURISM INVESTMENT COUNTRY BRAND

We promote exports



We promote tourism

We promote investment and industrial expansion for internationalization



We promote country brand

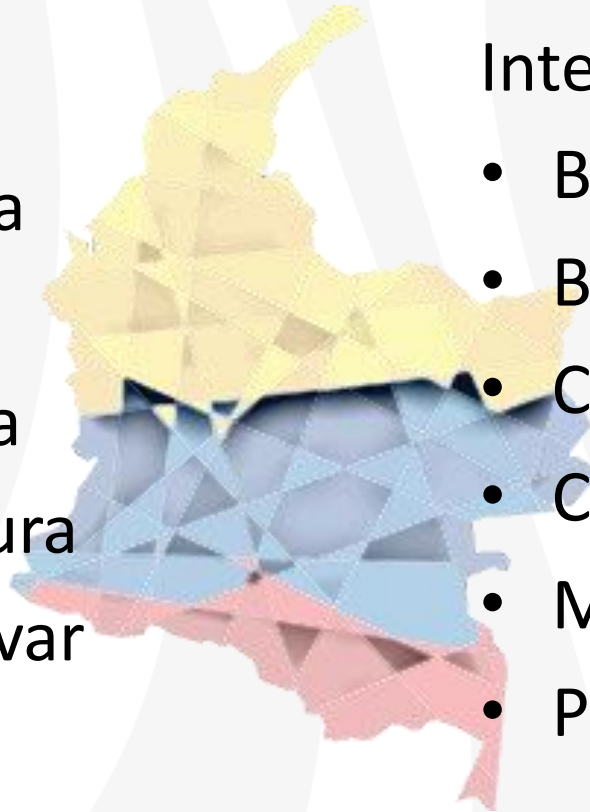




PORTS

Ocean ports

- Santa Marta
- Cartagena
- Barranquilla
- Buenaventura
- Puerto Bolivar

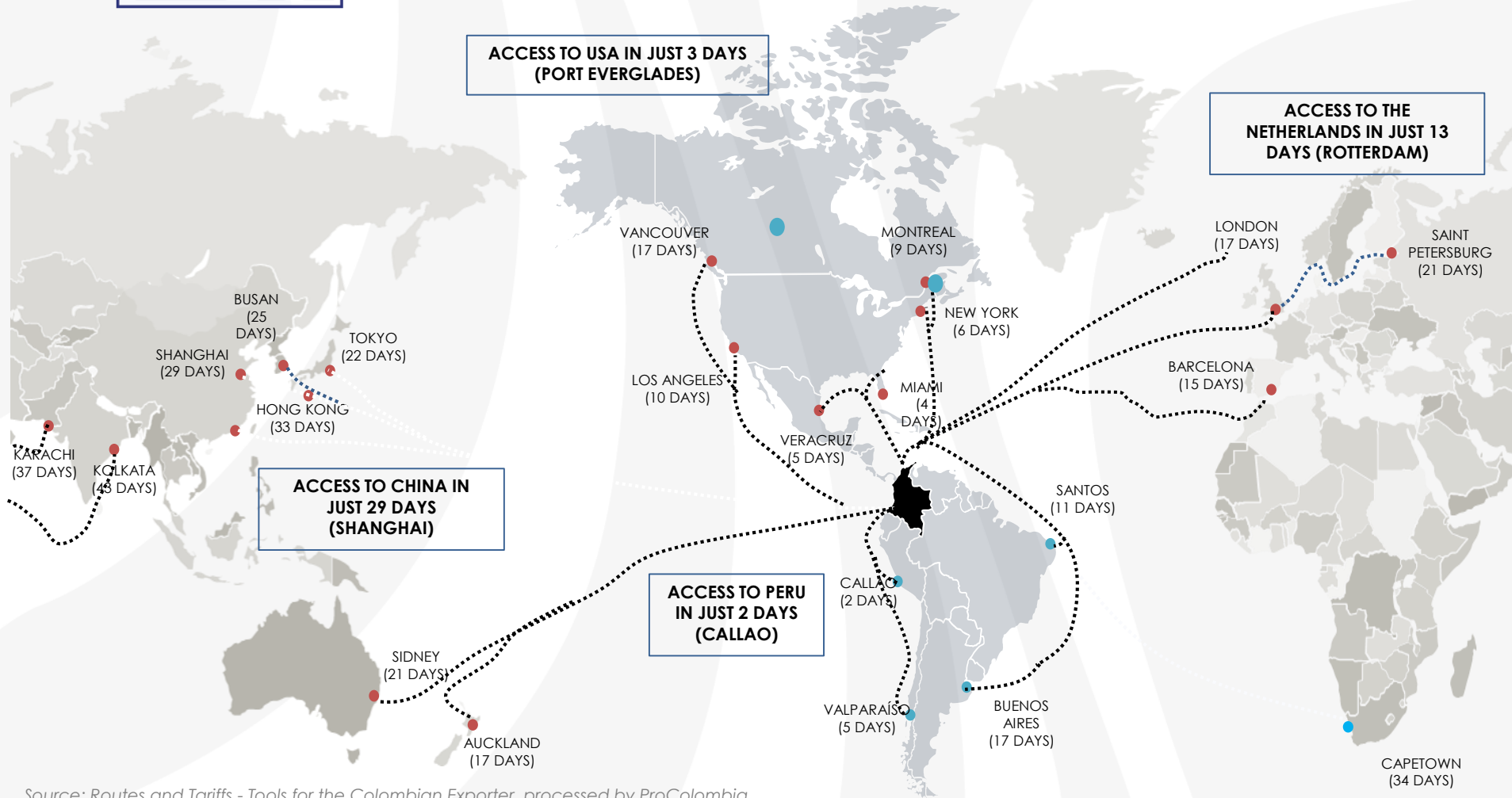


International Air ports

- Barranquilla
- Bogota
- Cali
- Cartagena
- Medellin
- Pereira



Colombia counts with more than **4,500 maritime export routes** and has access to **680 ports** around the world.



Source: Routes and Tariffs - Tools for the Colombian Exporter, processed by ProColombia.

PROCOLOMBIA.CO



Colombia, less than 6 hours away by airplane from the main cities in the Americas



1,109 international direct frequencies per week.

More than **5,600** domestic frequencies per week



* This information takes into account the routes departing from international airports in Barranquilla, Bogotá, Cali, and Medellín. Source: Routes and Tariffs - Tools for the Colombian Exporter, processed by ProColombia.



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SCAR·U
Scarbrough University

Kim Taylor
Marketing Director
Scarbrough International, Ltd.
ktaylor@scarbrough-intl.com

Chad Clooten
Export Operations
Scarbrough International, Ltd.
cclooten@scarbrough-intl.com