



Invest Pacific

Investment Promotion Agency
in the Colombian Pacific

VALLE DEL CAUCA: LOGISTICS AND EXPORTS PLATFORM

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AN OVERVIEW OF INVEST PACIFIC



▶ ABOUT US

Valle del Cauca's **investment promotion** agency. Public private **non-profit** organization.
We work together with the public and private sector of the region.



We **connect foreign investors with a diverse network of contributors and allies**, offering services and products tailored to the needs of their operations.

We offer **soft-landing services** to potential and installed investors, **free of charge** and **confidentially**.

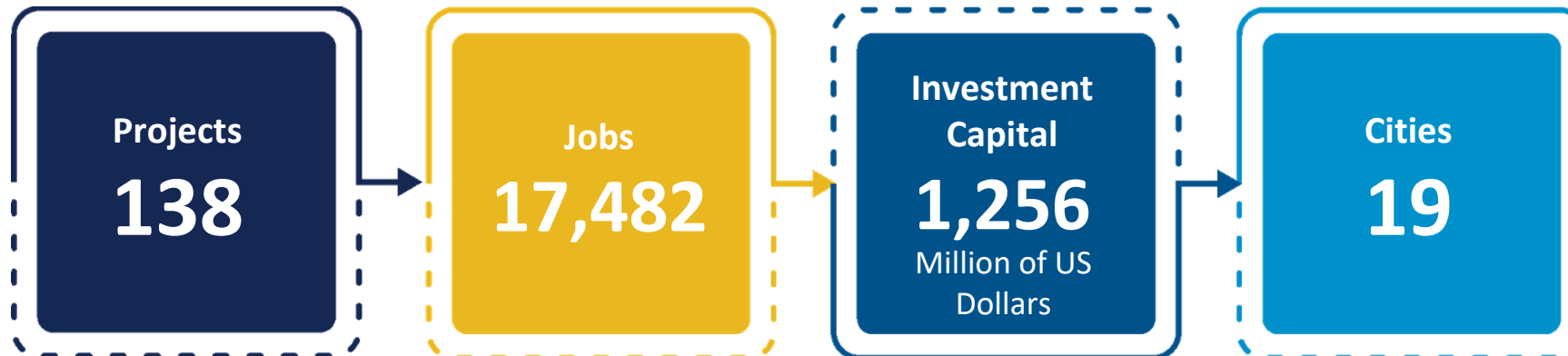
Problem-solving services for **established investors**.

We support investment from mainly three sectors:

- **Agribusiness ,Logistics, and Renewable Energies.**
- **Manufacturing.**
- **Global services.**

ABOUT US

Until now, Invest Pacific has supported the establishment of 138 investment projects in the region:



An aerial photograph of a busy port. A large container ship, the 'YM EXCELLENCE' by Yang Ming, is docked at a pier. A massive red gantry crane, labeled 'SPIA S.A.', is positioned over the ship, with a container being lifted. The ship's deck is covered with stacks of colorful shipping containers. The water is a deep blue, and the sky is clear. The overall scene depicts a major international shipping hub.

COLOMBIA AND VALLE DEL CAUCA

COLOMBIA IN LATAM



Colombia is the **43rd largest economy** in the world and the **4th in Latin America** (World Bank).



Colombia **will grow 7.6% in 2021 above the expected growth** for Latin America and the Caribbean (5.2%) (OECD, 2021).



+50 million inhabitants.
3rd most populated country in Latin America (IMF).



Best country in South America for **doing business** (Doing Business 2020, World Bank).



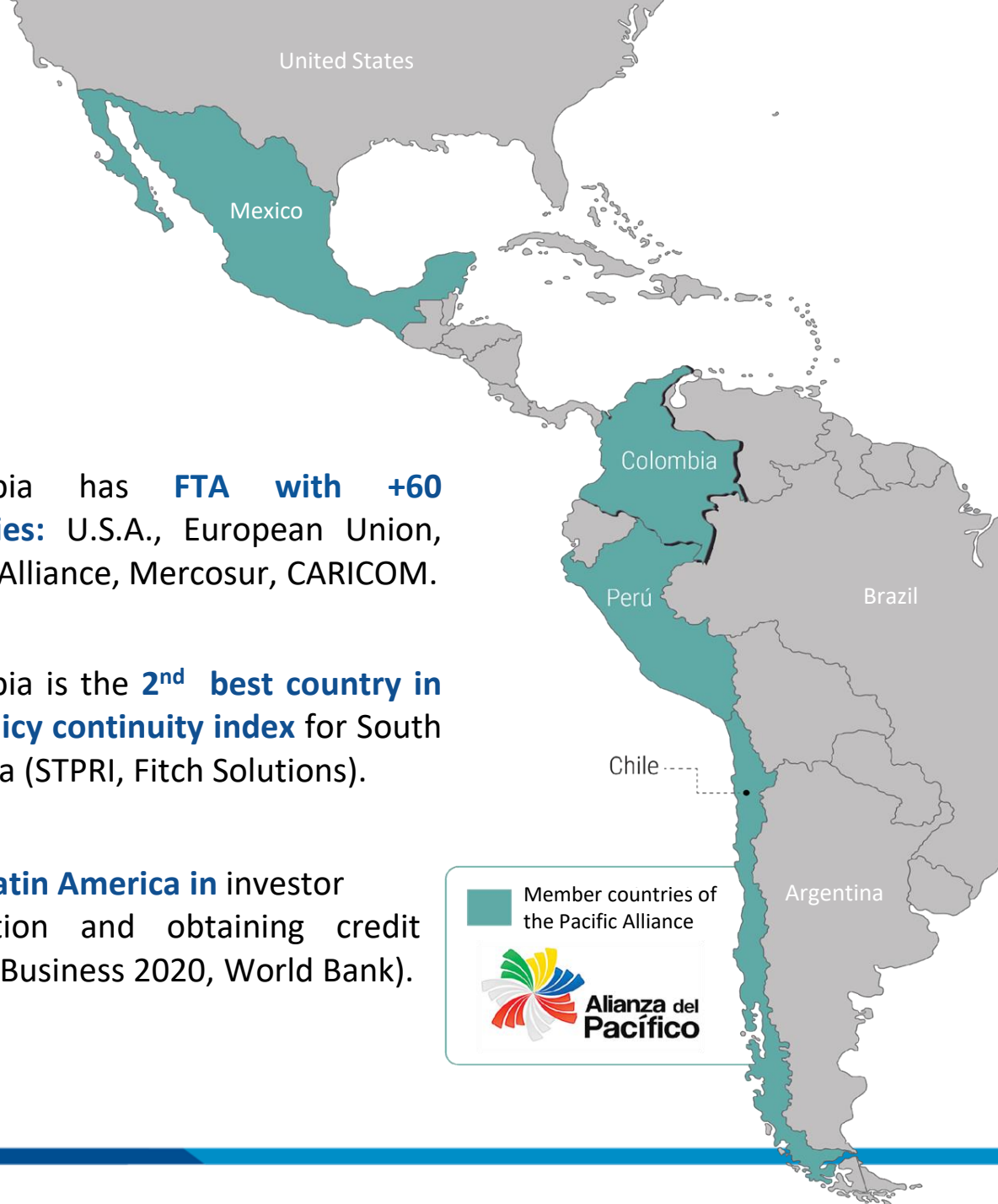
Colombia has **FTA with +60 countries:** U.S.A., European Union, Pacific Alliance, Mercosur, CARICOM.



Colombia is the **2nd best country in the policy continuity index** for South America (STPRI, Fitch Solutions).



#1 in Latin America in investor protection and obtaining credit (Doing Business 2020, World Bank).



▶ VALLE DEL CAUCA AT A GLANCE



It accounts for **10% of Colombian GDP**, with an **average growth of 3.2%** in the last five years¹.



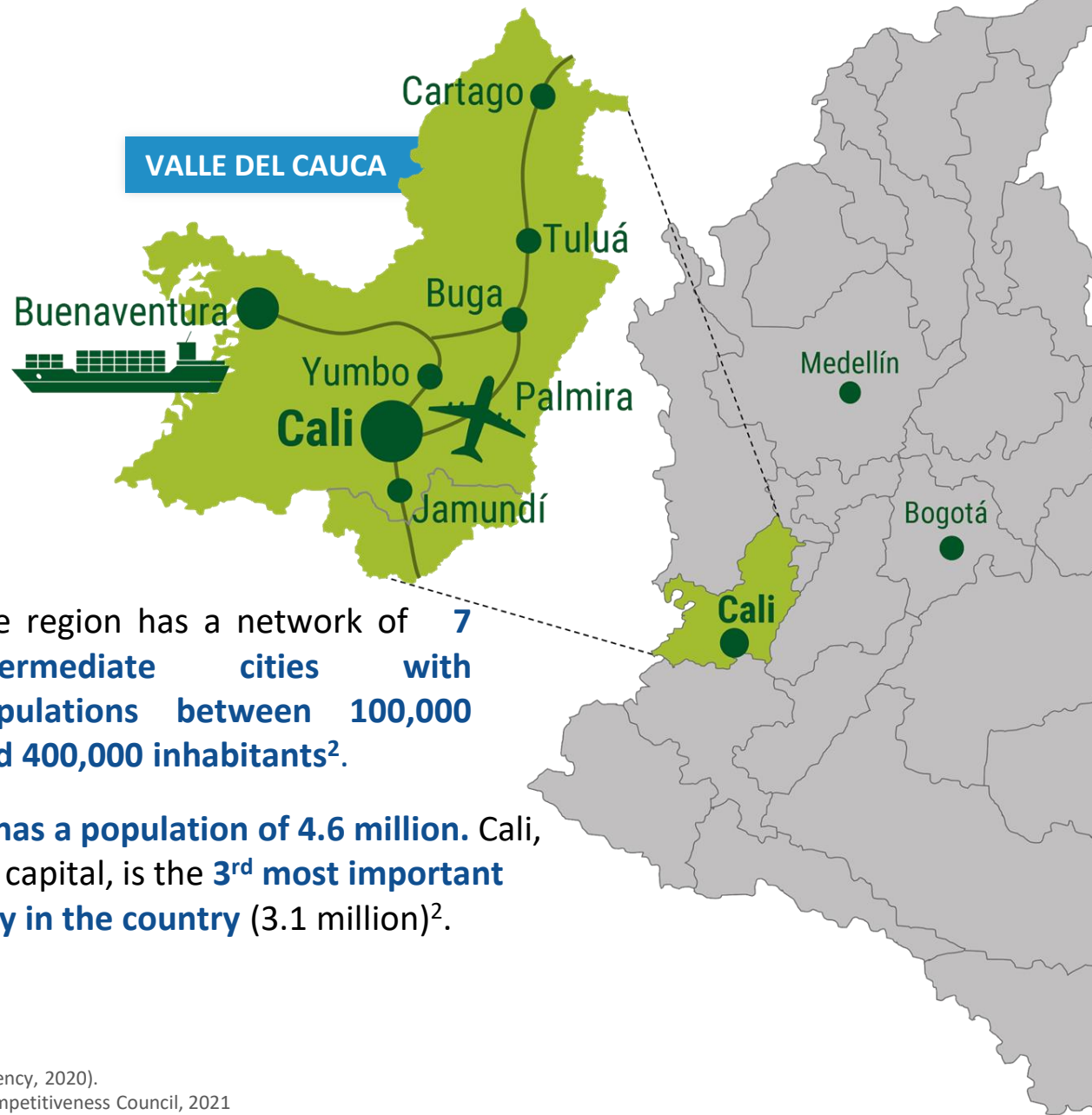
With only 1.9% of the national territory, it **concentrates 18% of the national industry** and 21% of the agroindustry³.



Colombia's main port in the Pacific Ocean accounts for **41% of national foreign trade**⁴.



It has **the most diversified export basket** in Colombia. Exporting **12% of the country's non-mining goods**⁵.



The region has a network of **7 intermediate cities** with **populations between 100,000 and 400,000 inhabitants**².



It has a population of **4.6 million**. Cali, its capital, is the **3rd most important city in the country** (3.1 million)².

1. DANE (National Accounts, 2019).

2. DANE (Census projections, 2018-2035).

3. DANE (Annual Manufacturing Survey, 2019).

4. Excluding mining-energy goods.


(Port and Transportation Superintendency, 2020).

5. Legis(Legiscomex, 2020) & Private Competitiveness Council, 2021

➤ CALI, CAPITAL CITY – QUALITY OF LIFE

Cali has the lowest cost of living amongst the largest cities in LatAm¹

Cost of Living Index 2020¹




The average cost of living in Cali is **51% lower** than in **Panama and Costa Rica.**



Photo: Diego Sinisterra

Cali has **the second-best air quality** in Colombia³.



It hosts **two of the best top 10 hospitals** in Latin America².

#4




#9





+110 Km. of bike-lanes across the city.



Public transportation system has **+35 electric buses.**

Sports capital of America
17 sports facilities, 4 golf courses.



(Aces Europa - 2019)

Best cultural destination of South America



(World Travel Awards, 2019).

Colombia BirdFair:
International Fair of birdwatching.



World capital of salsa
+15 international festivals (Fair of Cali, World Salsa Festival, etc.)



Source: 1. Numbeo (Living Cost Index, 2019). 2. América Economía Magazine (2020). 3. World Health Organization (Outdoors Air Quality, 2018).



**INVESTMENT
OPPORTUNITIES IN
COLOMBIA AND
VALLE DEL CAUCA**

CURRENT SCENARIO OF ASIAN EXPORTS TO THE U.S. MARKET

- **Relevance of Asia-U.S. commercial ties**



In 2019, the U.S. imported more than **\$1.11 Trillion USD from Asia**. Roughly 43% of its total imports worldwide.

-6% than in 2018.

- **A challenging scenario**



Trade war



Covid-19

- **Investment opportunities – Nearshoring**



Using HJS's methodology to analyze U.S. and China foreign trade, Invest Pacific set out to find what were **the best investment opportunities for Asian companies in Colombia in a nearshoring environment with the U.S. market.**



The FTA between Colombia and the U.S. is **the best FTA that the U.S. has with any country in the region**. It grants **0% tariffs** in practically all the exportable goods under very softened origin rules that demand, on average, **35%-45% of local added value** in the final product.

An aerial photograph of a large industrial complex, likely a refinery or chemical plant, featuring numerous large storage tanks, processing units, and parking lots filled with vehicles. The image is partially covered by a semi-transparent blue overlay that contains the main title and logo.

VALLE DEL CAUCA'S VALUE PROPOSITION



STRATEGIC EXPORT LOCATION



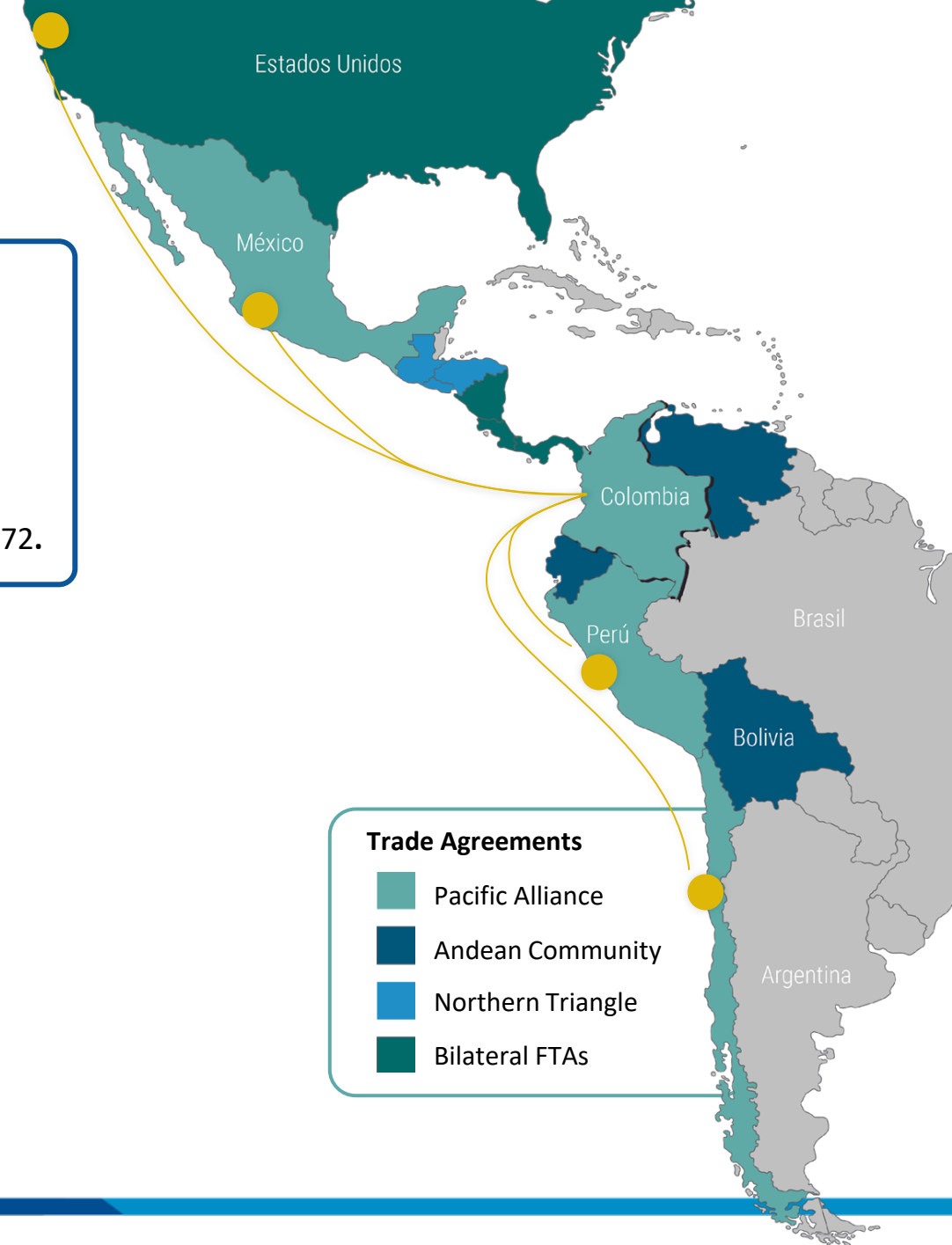
Valle del Cauca is **the best location for serving** the countries of The Pacific Alliance, Andean Market, Central America and the **U.S. West Coast**.



The Pacific Alliance & The Andean Community:

- +264 million consumers.
- GDP per capita (ppp.) USD \$17,572.

From Buenaventura to	Days
Long Beach, California	10
Miami, Florida	5
Valparaíso, Chile	8
Callao, Peru	4
Manzanillo, Mexico	6
From Asia- Pacific to Buenaventura	Days
Shanghai, China	29
Busan, Korea	28
Yokohama, Japan	26



Trade Agreements

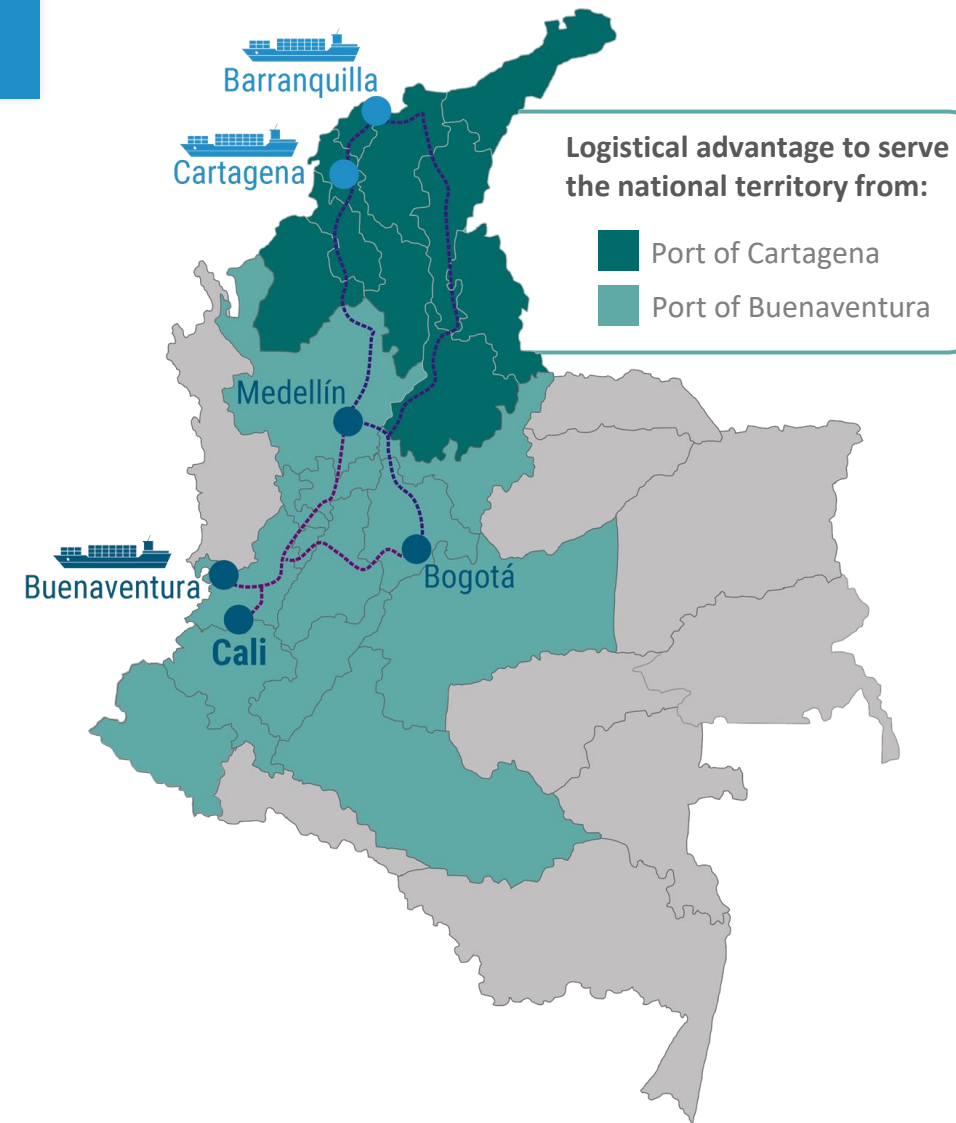
- Pacific Alliance
- Andean Community
- Northern Triangle
- Bilateral FTAs

STRATEGIC NATIONAL DISTRIBUTION CENTER

Valle del Cauca is the best location to **attend the local market.**

The privileged area served from the region represents:

- 75% of the domestic market.
- 66% of the population.



City	Population 2021	Total cost (USD)*		
		Buenaventura	Cartagena	Saving
Cali (MA)	3,073,335	\$ 205	\$ 1,496	86%
Pereira (MA)	706,357	\$ 353	\$ 1,203	71%
Medellín (MA)	4,119,008	\$ 736	\$ 924	20%
Bogotá D.C	7,834,167	\$ 797	\$ 1,215	34%
Bucaramanga (MA)	1,284,495	\$ 1,193	\$ 775	-54%
Barranquilla (MA)	2,239,103	\$ 1,653	\$ 177	-817%
Cartagena (MA)	1,429,080	\$ 1,529	-	-

Exchange rate: 1 USD = COP\$3,570.

Source: Ministry of Transport (SiceTac, 2021). DANE (National Accounts, 2020; Census Projections, 2018-2030). *It does not include waiting times.

EXPORT PLATFORM

The Port of Buenaventura



Moves **41%** of Colombia's International Trade (excluding the mining-energy sector).

Photo: Sociedad Puerto Industrial Aguadulce.

Closest seaport to Bogotá (506 km).

3 port terminals specialized in container transport that move **15.2 million tons of cargo** per year.



2 port terminals specialized in bulk and general cargo transportation that move **2.2 million tons of cargo** per year.



Road network



Foto: Juan Carlos Mosquera.

Level one freeways that connect Buenaventura with the entire country

- +830 km of primary roads.

Cali's International Airport



Collective Space Architects - Image © Santiago Robayo.

+30 daily flights Cali – Bogotá. and **90 weekly flights to 11 international destinations**

International direct flights to:



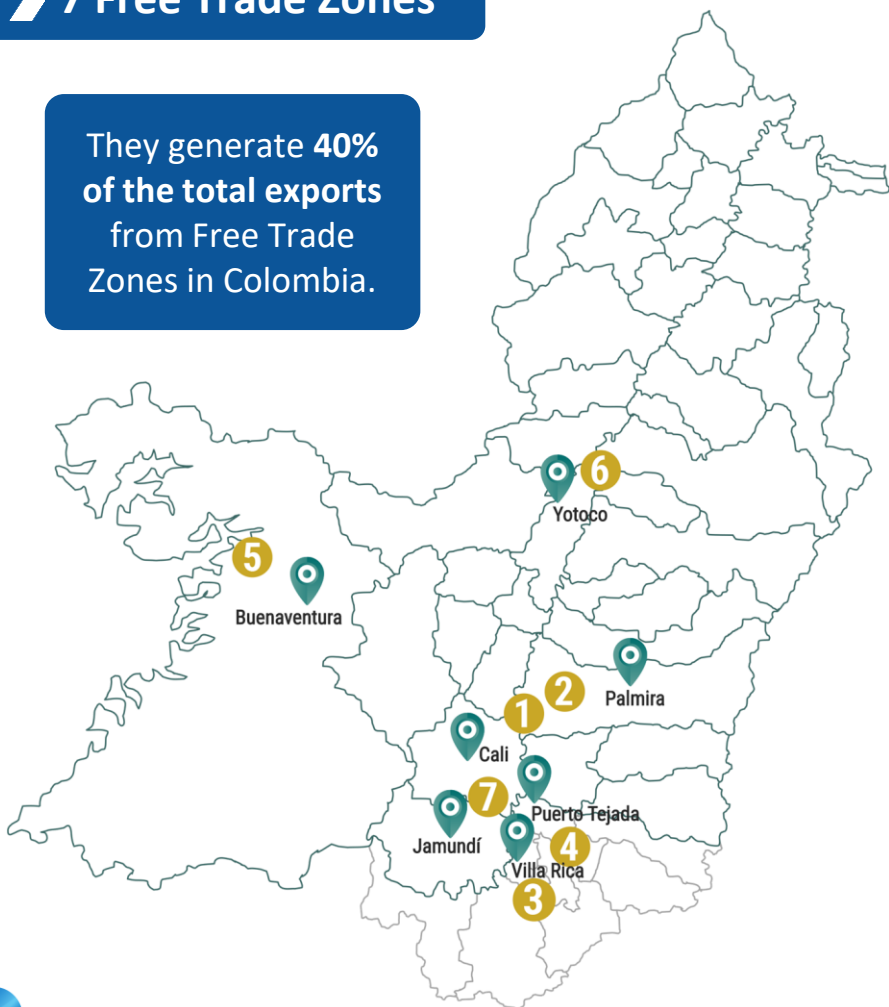
- Miami
- San José, CR
- Lima
- Panama
- Guayaquil
- Mexico City
- Fort Lauderdale
- New York
- Madrid
- Orlando
- Santiago de Chile



FREE TRADE ZONES– IDEAL LOCATION FOR INDUSTRY

7 Free Trade Zones

They generate **40% of the total exports** from Free Trade Zones in Colombia.



	Free Trade Zone	Municipality	Size (Ha)	Distance to Seaport
1	Zona Franca del Pacífico	Palmira	70 Ha	136 km
2	Zona Franca Palmaseca	Palmira	55 Ha	138 Km
3	Zona Franca Parque Sur	Villa Rica	93 Ha	156 Km
4	Zona Franca del Cauca	Puerto Tejada	131 Ha	149 Km
5	Zona Franca CELPA	Buenaventura	35 Ha	7 Km
6	Zona Franca CLIP	Yotoco	31 Ha	103 Km
7	Zonamérica	Cali	38 Ha	-

Tax and Tariff Benefits

- **20% of income tax in the Free Trade Zone**, compared to 32% nationwide.
- **No tariffs or VAT** are caused on goods and infrastructure while they remain in the free zone.
- Possibility of **nationalizing raw materials or the final product** when the goods are going to be sold in the rest of the country.
- Purchases made outside of the FTZ framed within corporate purpose of the FTZ companies are **exempt from VAT**.
- The goods produced in the FTZ acquire Colombian origin for **Free Trade Agreements benefits purpose**.

Source: DANE (Free Trade Zone Exports in Colombia, 2019).

OPERATING COSTS— REAL ESTATE

- Warehouse average lease price (\$USD/m²) in the main cities of Latin America (4Q 2020)

Cali offers the **more competitive costs, in average 20% cheaper** than the major industrial nodes in Latin America.

Source: Colliers International (2020).



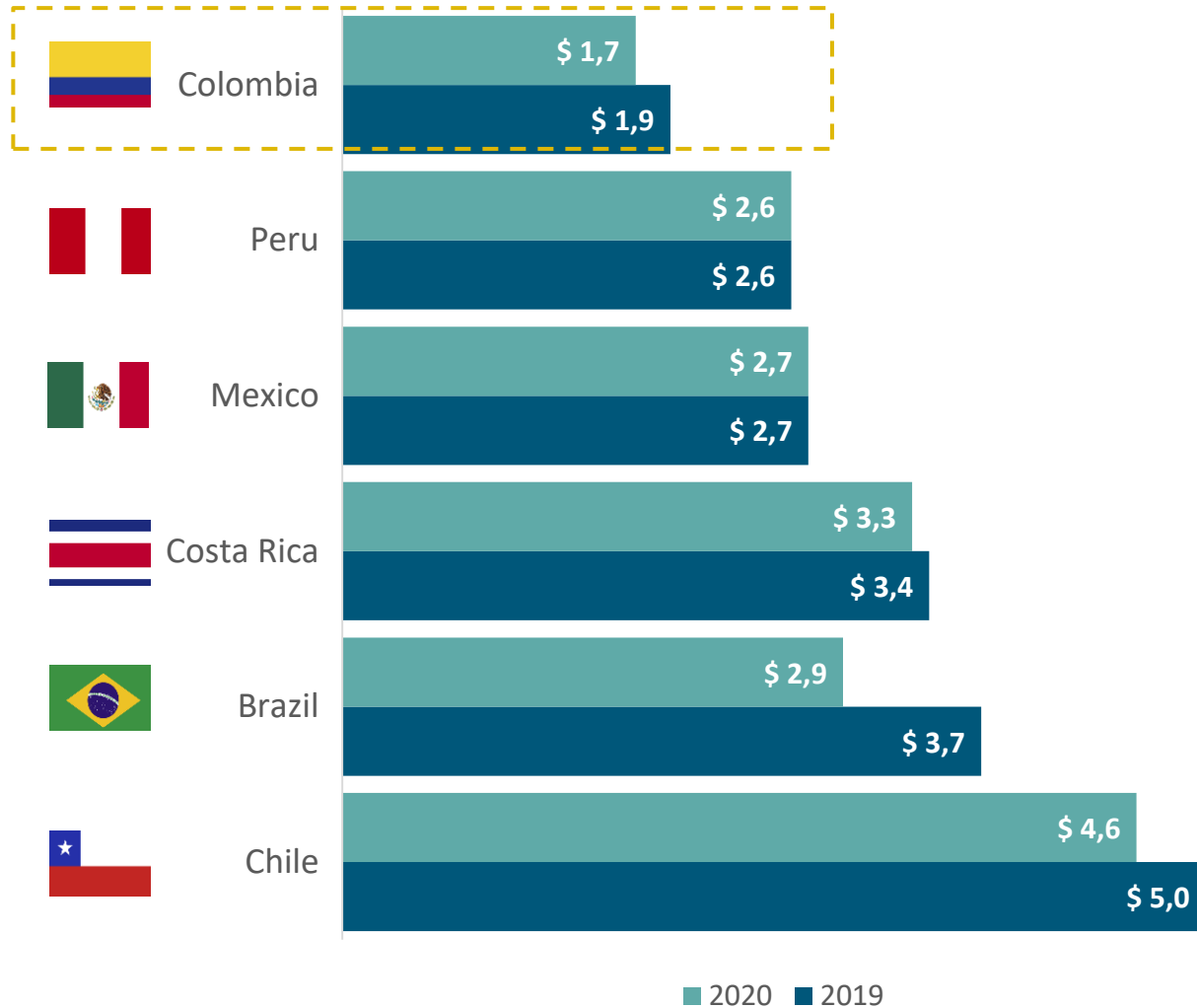
- Warehouse and land average sale price (\$USD/m²) in Cali Metropolitan Area (4Q 2020)

Average cost per square meter m² of warehouse for sale in industrial parks
USD\$630

Average cost per square meter m² of land for sale in industrial parks
USD\$117



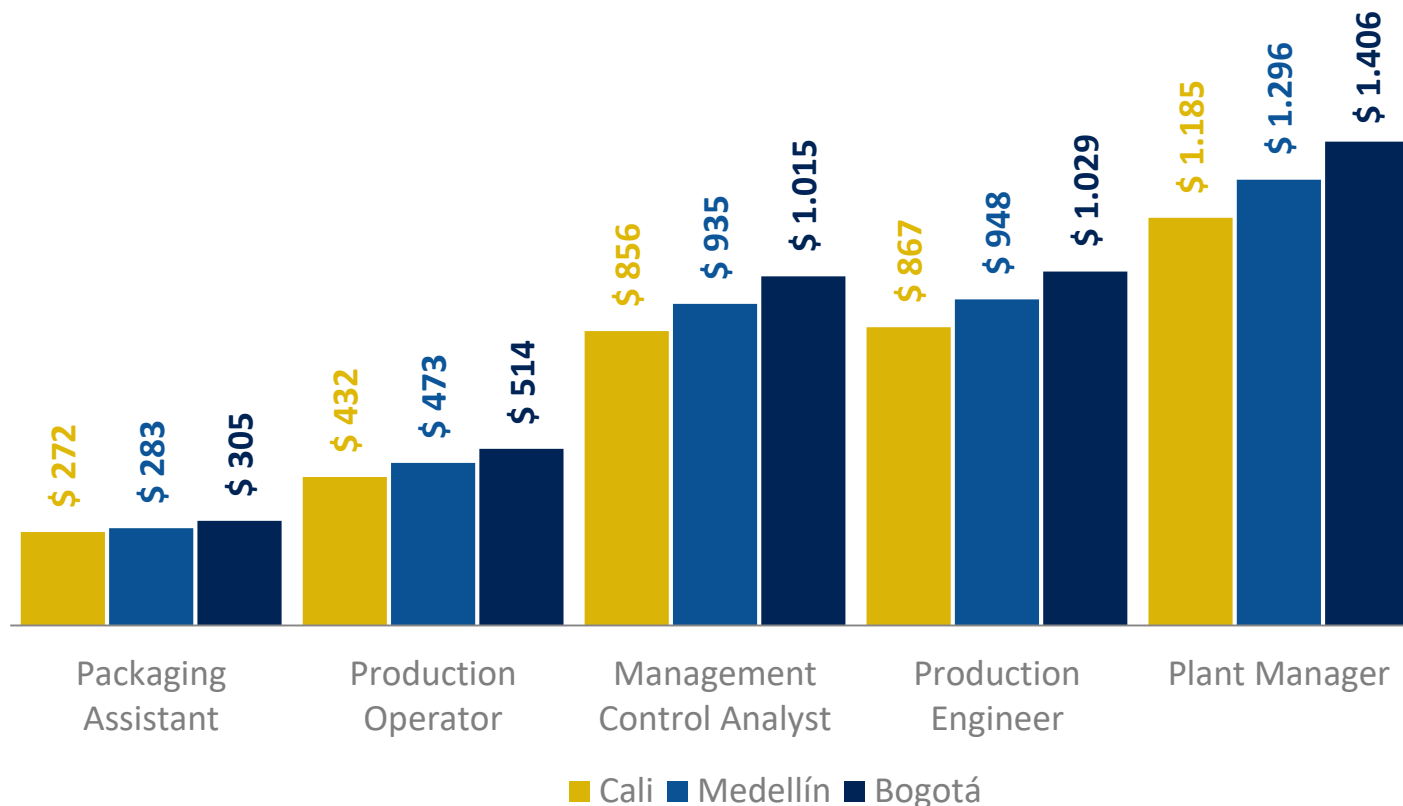
OPERATING COSTS– WAGES



Hourly average wage in the manufacturing sector (USD/hour)

The manufacturing hourly wage in Colombia is **37% lower than in Mexico** and **41% lower than in Brazil**, the main industrial locations in Latin America.

OPERATING COSTS– SALARIES FOR INDUSTRY KEY POSITIONS



Monthly Average Salaries (\$USD) in the main cities of Colombia for key positions of the industrial sector in 2021:

- Cali has salaries **at least 16% more competitive** than in other main cities in Colombia for production operators.

The surcharge payment over the basic salary is 38.4% in average for salaries up to 10 minimum monthly wages*.

Minimum Monthly Wage (SMMLV) : **USD \$246**

HUMAN TALENT AVAILABILITY



33 Higher Education Institutions in the region.

- **18 Universities.**



+38,800 graduates in 2019

- **38% associate graduates** (operative roles).
- **43% professionals** (bachelor graduates).
- **7,150 master graduates.**



National Service of Training in Technical and Technological Professions

- Graduates **+8,560 students** in the Region in fields related to the industry (operators).

Outflow of graduates in industry-related areas, 2019

Knowledge area	Graduates	Share
Industrial Engineering and related	2,253	38%
Mechanical Engineering	954	16%
Sanitary and Environmental Engineering	914	15%
Electronic Engineering	576	10%
Electric Engineering	385	6%
Chemistry and Chemical Engineering	329	5%
Biology and Biomedical Engineering	319	5%
Food Engineering	201	3%
Metallurgy and Mining Engineering	65	1%
Total industry related	5,996	100%

The region has +180.000 people proficient in English language



And it counts with **several initiatives** to continue improving it.

WORLD-CLASS BUSINESS NETWORK

+200 foreign companies from diverse sectors are established in the region. They contribute with nearly 36% of the Region exports and 12% of its domestic GDP.

Source: Comisión Regional de Competitividad, 2020.

Europe



United States



Latin America



Asia-Pacific



➤ BUSINESS SUCCESS CASES FROM ASIA-PACIFIC

◆ Main Success Stories



Hero MotoCorp established its first out-side-of-India **motorcycle assembly plant** in the region in 2014 with the purpose of supplying the domestic market and exporting to the Andean region.



Furukawa Group has a **fiber optic cable production plant** in Valle del Cauca which supplies the Andean region, Central America and Mexico.



Essel Group, global leader in the production of **collapsible packaging and containers** has a manufacturing plant in the region from where they supply the pharmaceutical, cosmetic, and food industries and export to all Latin American countries.



LG established a **logistics complex and distribution center** in Palmira, Valle del Cauca in 2017, from where they distribute electronic equipment & household appliances to the main cities in Colombia.



Sumitomo Chemical entered the region with the **acquisition of Nufarm subsidiaries** in all South America in 2020 from where they continue to grow in the fertilizers sector.



World leader in the **production of rigid packaging**, Amcor has a history of +15 years in the region from where they have expanded their production facilities continuously to meet the growing demand for packaging in Colombia.

A WIDE AND DIVERSE BUSINESS ECOSYSTEM



Cámara de Comercio de Cali

Plataforma Cluster

USD Sales in 2019 (G.R. 2018-2019)

The region has 9 cluster initiatives and diverse business opportunities.



Macrosnacks

INICIATIVA CLUSTER / Cali – Valle del Cauca

USD \$2,560 million (+5.9%)



Beauty

INICIATIVA CLUSTER / Cali – Valle del Cauca

USD \$1,585 million (+5.6%)



Clinical Excellence

INICIATIVA CLUSTER / Cali – Valle del Cauca

USD \$3,627 million (+7.5%)



Bioenergy

INICIATIVA CLUSTER / Cali – Valle del Cauca

USD \$2,408 million (+8.8%)



Urban Habitat

INICIATIVA CLUSTER / Cali – Valle del Cauca

USD \$4,297 million (+13.4%)



Digital Economy

INICIATIVA CLUSTER / Cali – Valle del Cauca

USD \$884 million (+9.6%)



White Protein

INICIATIVA CLUSTER / Cali – Valle del Cauca

USD \$2,926 million (+8.8%)



Fashion System

INICIATIVA CLUSTER / Cali – Valle del Cauca

USD \$1,067 million (+7.6%)



Experiences

INICIATIVA CLUSTER / Cali – Valle del Cauca

USD \$579 million (+12.1%)

Exchange rate: COP \$3,281 x 1 USD.

Source: Cali Chamber of Commerce (Cluster Initiative Program, 2020).



World-Class infrastructure and connectivity.



Thank you!

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