



BUSINESS OPPORTUNITIES & INCENTIVES IN COLOMBIA

2021



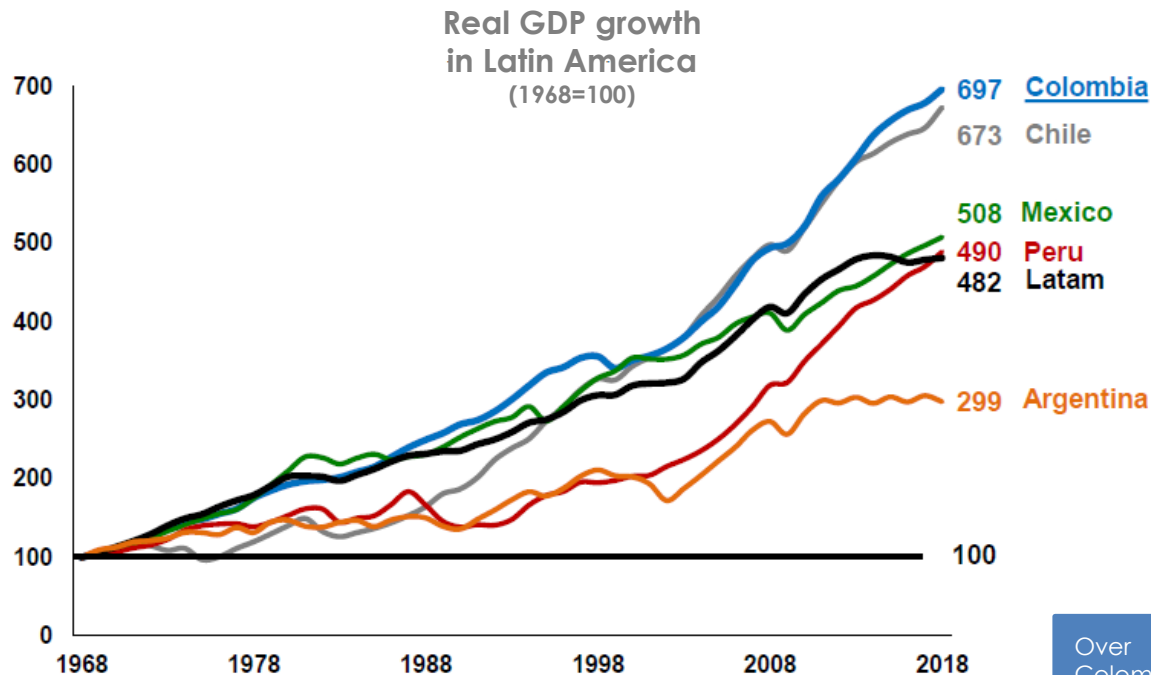
El futuro
es de todos

Gobierno
de Colombia

Commercial Section of the Embassy of Colombia Promotes:



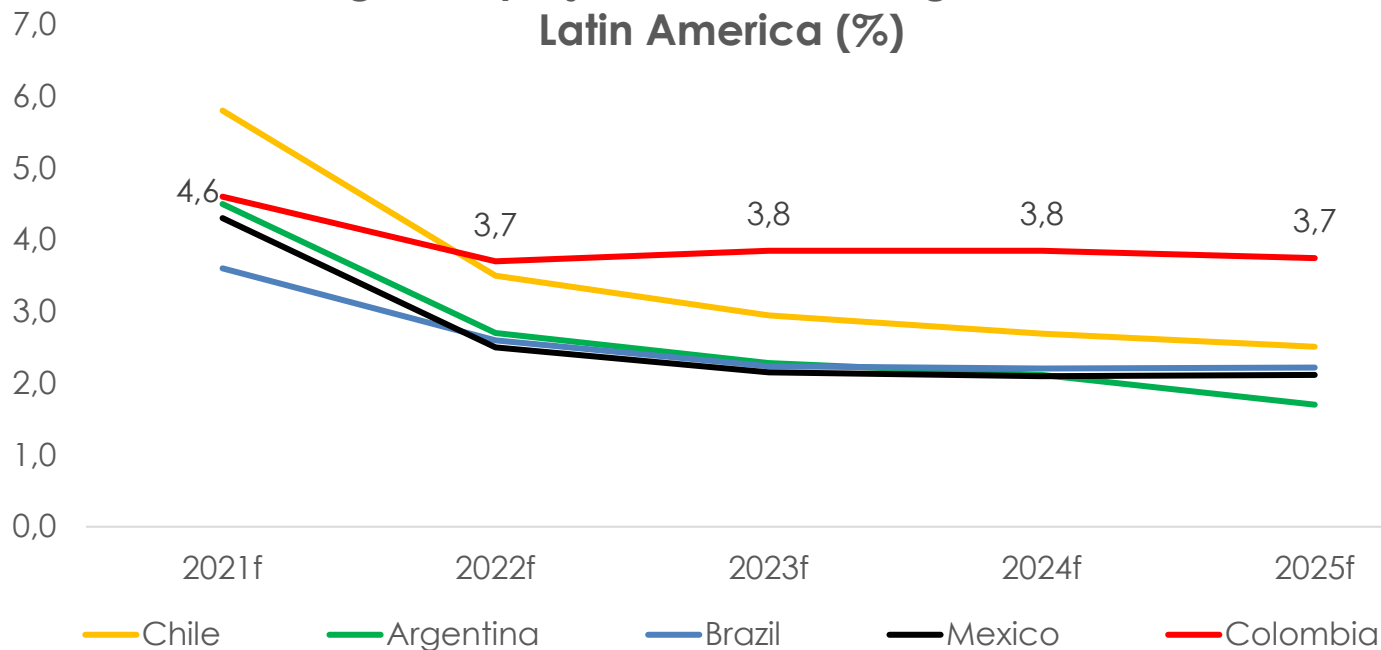
Before the pandemic, **Colombia was already excelling due to its sustained economic growth over the past 50 years**



Over the past 50 years, the Colombian economy has been the fastest growing in the region.

Colombia is projected as the most stable economy in the region.

Real GDP growth projections of the largest economies in Latin America (%)





The dynamism of its economy allows the country to have **outstanding indicators**, despite the global economic impact of COVID-19

4.6% and 4.9%

will be the **estimated growth of the Colombian economy in 2021**, according to international organizations such as the IMF and the World Bank, respectively

2.4%

Will be the **Inflation rate in 2021** according to IMF
The inflation rate will remain **low**

US \$4,093 millions

received in **non-mining FDI**, between January and September 2020

75.1%

Of participation in total investment



Colombia stands out in the
region for its political
stability and solid
institutions

Thanks to the above, Colombia was officially accepted by the OECD, giving it access to the best economic and social practices

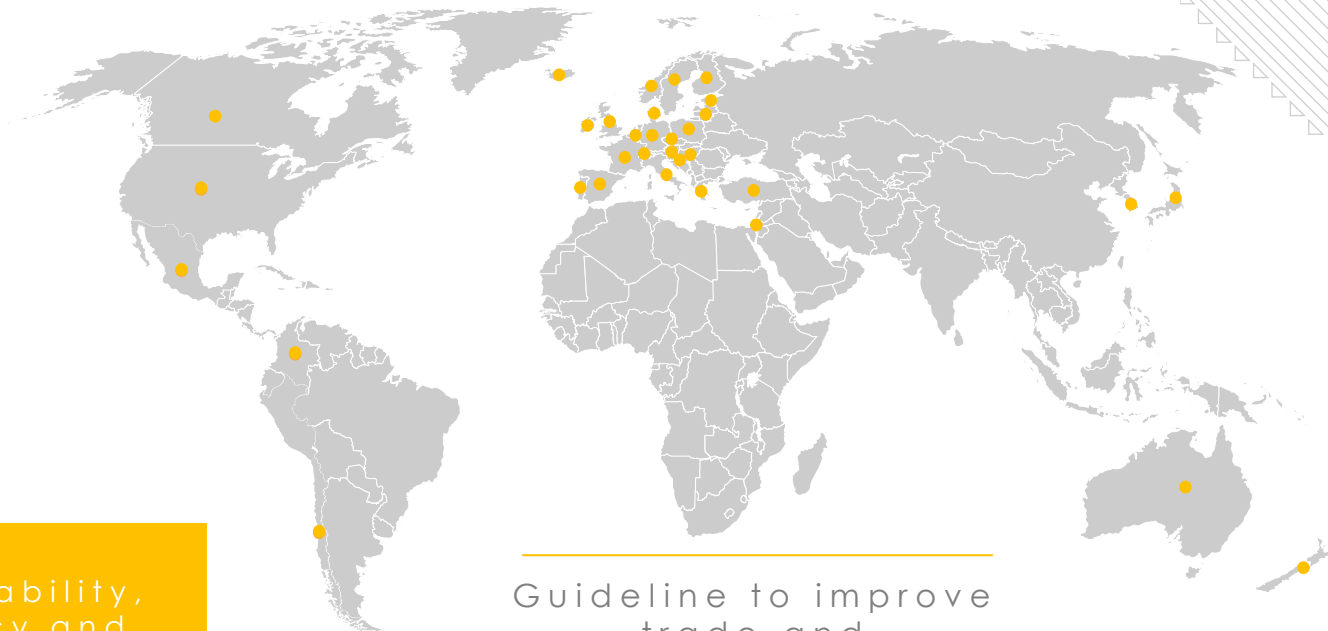
CANADA
UNITED STATES
MEXICO
CHILE
COLOMBIA

AUSTRIA
BELGIUM
CZECH REPUBLIC
DENMARK
ESTONIA
FINLAND
FRANCE
GERMANY
GREECE
HUNGARY
ICELAND
IRELAND
ISRAEL
ITALY

JAPAN
SOUTH KOREA

LITHUANIA
LATVIA
LUXEMBOURG
NETHERLANDS
NORWAY
POLAND
PORTUGAL
SLOVAK REPUBLIC
SLOVENIA
SPAIN
SWEDEN
SWITZERLAND
TURKEY
UNITED KINGDOM

AUSTRALIA
NEW ZEALAND



 Economic stability,
transparency and
government discipline

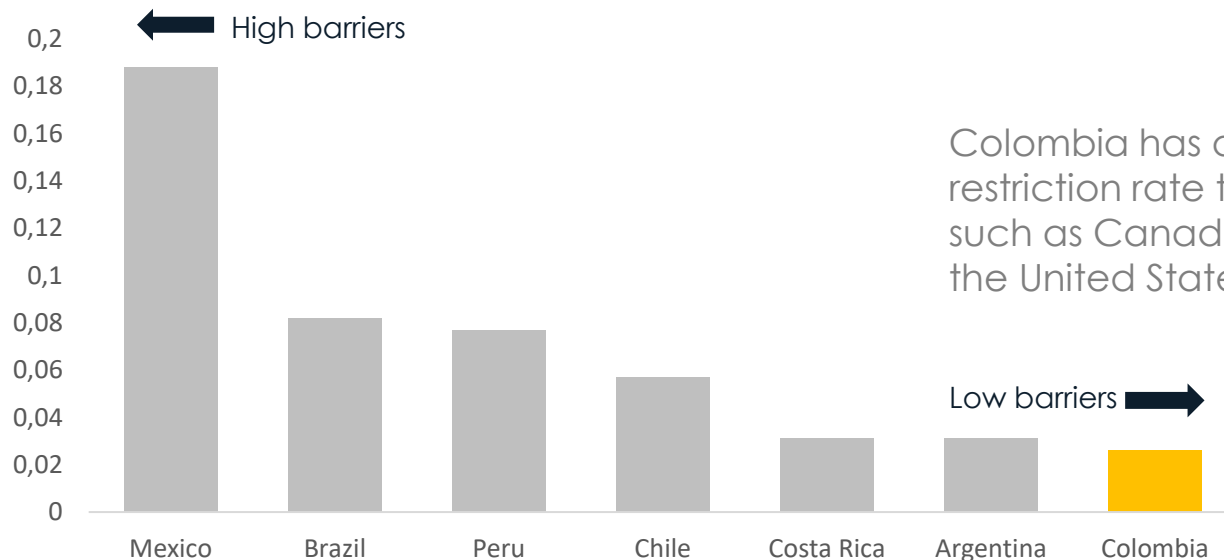
Guideline to improve
trade and
investment barriers



With that in mind, Colombia has **the lowest FDI barriers of Latin America**

FDI's Regulatory Restrictiveness Index 2019

Closed = 1 - Open = 0

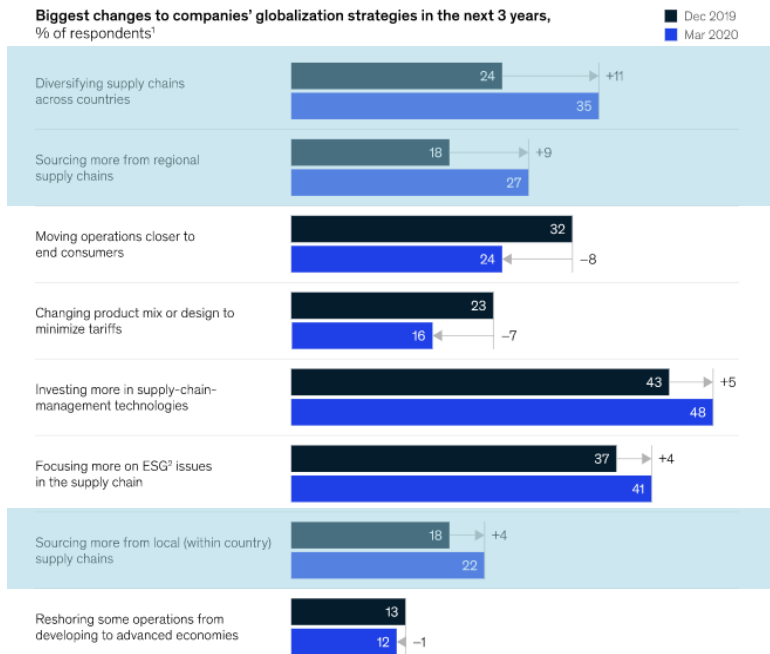


Colombia has a lower FDI restriction rate than countries such as Canada (0.16) and the United States (0.09).



The new dynamic of global trade opens the opportunity to Colombia **for regional supply**

The current situation brings different changes in the world, such as the reorganization of global supply chains, which are tending to regionalization



¹The online survey was in the field from March 2 to March 6, 2020. Respondents who said "other" or "don't know" are not shown. In Dec 2019, n = 60; in Mar 2020, n = 235.
²Environmental, social, and governance.



More than 80% out of 3,000 companies surveyed in 12 global sectors, in North America, Europe, and Asia Pacific (ex-China), have implemented or announced **plans to relocate** at least part of their supply chains from current locations.

-Bank of America



Companies will be increasingly inclined to **spread their risks rather than "putting all their eggs in the lowest-cost basket"**. The threat of a future crisis will force companies to structure their global supply chains, looking for greater resilience, as well as lower risks and costs.

-Re-shoring index, Kearney

The preferential access is complemented by **air** and **sea logistics advantages**

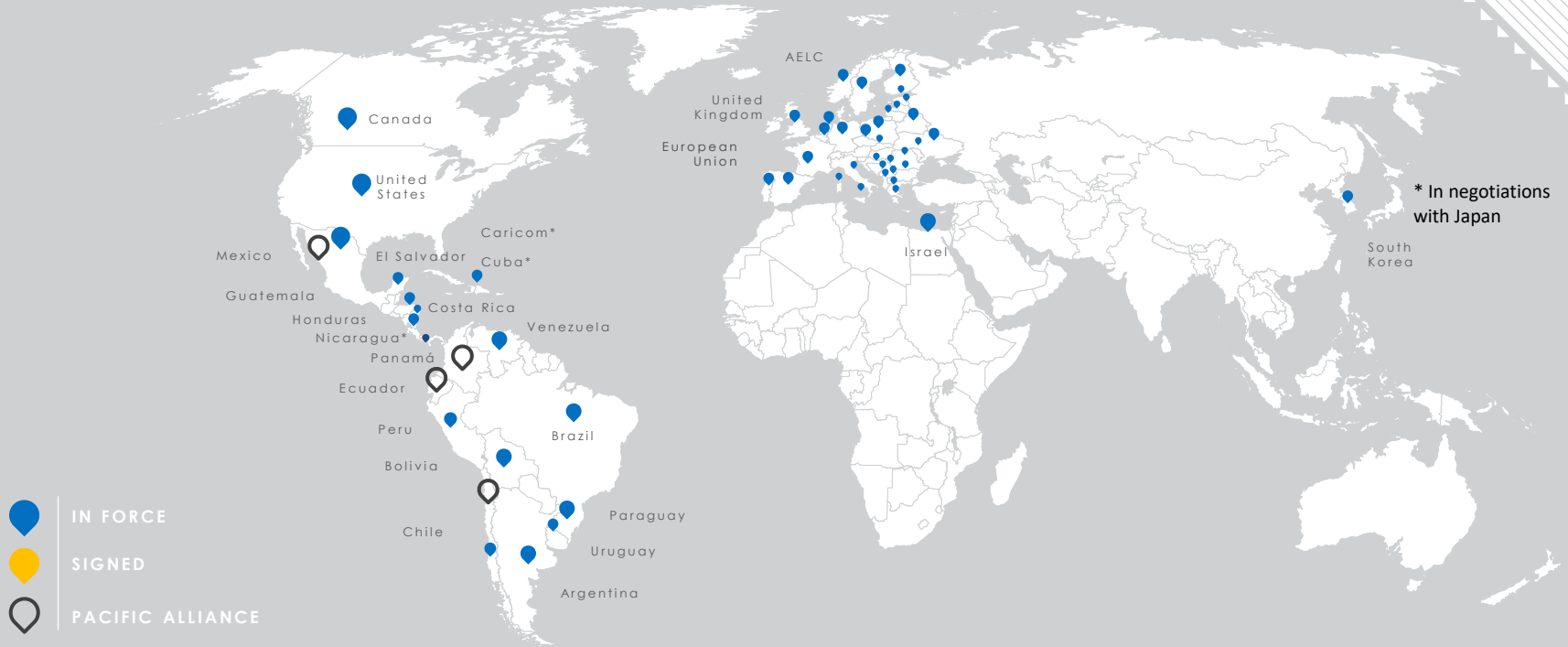
Colombia has more than 4,500 sea export routes and access to 680 ports around the world. In addition, by less than six hours by plane the country manages to deliver goods to the main cities in the Americas.





TRADE AGREEMENTS

Colombia has access to 60 countries and more than 1.5 billion consumers through its network of trade agreements



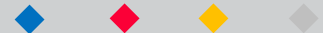
* Partial scope agreements (PSA)
 - - - Blue line shows Pacific Alliance's member countries others than Colombia -(Chile, Peru and Mexico).
 Source: Chamber of Commerce, Industry and Tourism, Colombia, 2017





AGREEMENTS TO AVOID

DOUBLE TAXATION



Thanks to the above, the country has privileged access to the **continent's largest markets**

Imports 2019
US\$ Million



United States
US\$ 2,568,396

Population:
329.3 million



Pacific Alliance
US\$ 624,189

Population:
227.9 million



Canada
US\$ 453,157

Population:
37.5 million



Mercosur
US\$ 252,563

Population:
293.5 million



Central America
US\$ 106,285

Population:
50.2 million

Furthermore, among the countries of the region, **Colombia has the FTA with the best access conditions to the United States, the world's largest importing market**

13.5%

U.S. market share in the world's imports



- Average tariff of 0% from Colombia to the U.S.
- 2,157 (96%) of the subheadings that Colombia exports to the United States, entered the market with a 0% tariff.
- Convenient regional content value rules.

In addition, it has a free trade zone regime with one of the region's most attractive incentive packages

Benefits within the Free Trade Zones



20% income tax rate
in free trade zone



Exemption of customs
duties (i.e. VAT and
tariffs) for goods
imported from
abroad to the Free
Trade Zone



The sale of raw materials,
parts, inputs and finished
goods to industrial users
of goods and services is
exempted from VAT,
provided that these
goods are necessary for
the execution of the
user's corporate purpose



The merchandise within
a Free Trade Zone may
remain inside such zone
indefinitely

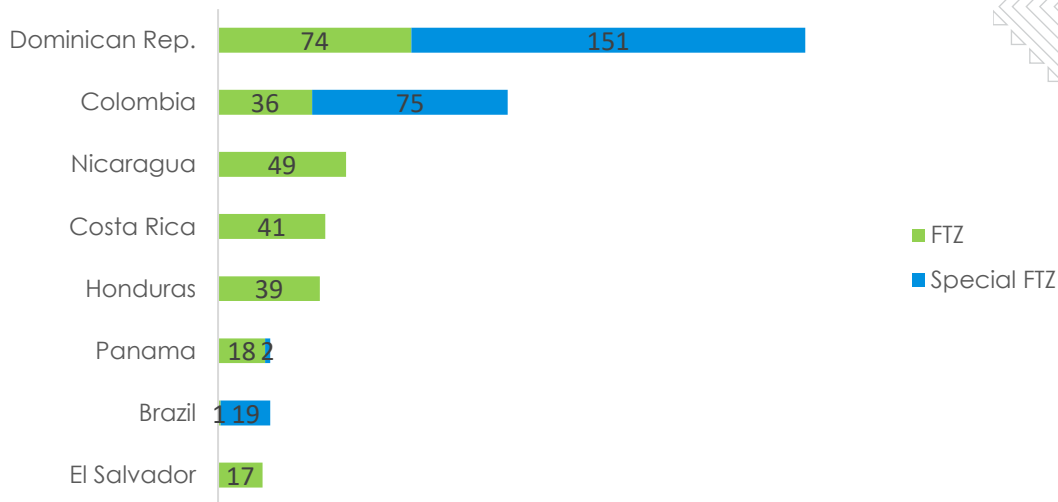


The sale and shipment
of goods abroad which
are located within the
Free Trade Zone is
exempted from VAT



Colombia is the second Latin American country with the **highest number of free trade zones**

Number of FTZ in Latin America, July 2020





The Free Trade Zones regime is complemented by other investment incentives



AMONG OTHERS



All these
conditions **place**
the country as a
regional leader in
receiving FDI

SUCCESSFUL CASES OF JAPANESE COMPANIES



The third largest pharmaceutical company in Japan, specializing in oncology and transplants, established operations in Colombia in 2017



Sysmex of Japan in partnership with the University of Antioquia, decided to develop a clinical study of malaria in Chocó- Colombia



The Japanese continuous casting and high precision parts production company decided to open a plant to serve the American market.



Hino established a truck assembly plant in Colombia. Currently exports Ecuador.



Isuzu Motors Limited's alliance with actors installed in Colombia has allowed them to become automotive technology leaders for ten years. Recently, they made a new investment of USD 2.5 million to expand their operations.



Japanese company dedicated to the production of condiments (umami) for the food industry. Established a center for packaging, distribution and marketing of food products



Japanese company Dentsu Inc. has reached an agreement to acquire a 100% stake in Chef Smart Marketing Mix, a full-service digital agency in Colombia.



In 2019, SoftBank Group invested USD 1 Billion in delivery service app, Rappi.



In 2016 they open their offices in Bogotá and establish their Shared Services Center

Expansion of Japanese Multinationals in COLOMBIA

Santa Marta
Daabon Group (it operates a terminal in the Port: Investment of Mitsubishi Colombia Ltda.).

Barranquilla
CHM Minería (Construction equipments: Marubeni)
Kuraray Colombia SAS
Univergy (Solar Energy)
Sun Ace (Chemical aditives)

Cesar
Drummond Ltd. (Coal: Investment of C.I. Itochu Colombia S.A.).

Medellín and surrounding areas
HOLASA Hojalata y Laminadora S.A. (Tinplate: JFE steel, Metal one) (Investment of Mitsubishi Colombia Ltda. and SOJITZ Corp)
Incolmotos Yamaha S.A.: factory (Motorcycles)
Mitsubishi Electric de Colombia Ltda.: factory (Elevator)
NIPPON KOEI LAC CO., LTD. (Consulting)
Dentsu

Cali and surrounding areas
Furukawa Colombia S.A.S: factory (optic fiber cables).
Honda Colombia: factory (Motorcycles).

Pereira
Suzuki Motor de Colombia SA: factory (Motorcycles).

Bogotá and surrounding areas

[Trading Companies]
C.I. Itochu Colombia S.A.
C.I. Toyota Tsusho de Colombia S.A.
Hanwa Co., Ltd Correspondent in Colombia
Marubeni Corporation Colombia branch
Mitsubishi Colombia Ltda.
Mitsui de Colombia LTDA.
Sumitomo Corporation Colombia S.A.S.
Taichi Holdings Limited
Yashima S.A.S

[Banks and insurances]
Bank of Tokyo-Mitsubishi UFJ, Ltd.
Mitsui Sumitomo Insurance Co., Ltd.
Sumitomo Mitsui Banking Corporation

[Industries]
Castem Colombia S.A.S. (High precision casting)
Hino Motors Manufacturing Colombia S.A.S.
ISUZU (GM Isuzu Camiones Andinos Ltda.)
Yazaki Ciemel S.A. (Wire harness)

[Transport]
JPN Logística (individual)
MAP CARGO S.A.S. (Investment by Nittsu)

[Others]
ARCO JM (Travel agency: individual)
Everis (Computer communication: NTT Data)
Hitachi Data Systems Colombia S.A.S
MAF Colombia (Auto Finance)
Rappi (Investment of Softbank)

[Commerce]
Astellas Farma Colombia S.A.S
Ebara Bombas Colombia S.A.S
EPSON Colombia
Daikin Airconditioning Colombia S.A.S
FUJIFILM Colombia S.A.S.
Fujitsu
FUNAI ELECTRIC CO., LTD.
Furukawa Colombia S.A.S.
Japan Tobacco Colombia
Komatsu Colombia S.A.S
Makita Colombia S.A.S.
Mayekawa Colombia S.A.S.
NEC de Colombia S.A.
Nihon Kohden Latin America S.A.S
Nihon Nohyaku Andica S.A.S
OKI Data Americas, Inc.
Panasonic Latin America, S.A.
Ricoh Latin America, Inc.
Sony Corporation Colombia S.A.S
Sun Ace Corporation (Producciones Químicas Colombia S.A.S.)
SYSMEX COLOMBIA S.A.S
Takeda S.A.S
TERUMO COLOMBIA ANDINA S.A.S
Toshiba America Energy System Corp.
Toyota Colombia S.A.S.

[Food industry]
Ajinomoto do Brasil Ind. E. Com. De Alimentos LTDA
C.I. Kyoto Lohas Beans S.A.S.

[Government entities]
JETRO
JICA Colombia



El futuro
es de todos

Gobierno
de Colombia

THANK YOU



PROCOLOMBIA
EXPORTS TOURISM INVESTMENT COUNTRY BRAND

