



Doing Business in Colombia

With 49 million inhabitants, Colombia is one of the region's most dynamic destinations, the 59th largest export economy in the world according to the World Bank report (2017) and the third most business friendly country in Latin America and the Caribbean. In recent years the country has also been identified as one of the markets where economic freedom provides opportunities to generate positive and visible results in terms of prosperity (Economic Freedom Index, 2016). Colombia possesses a dynamic domestic market, a stable macro-economic climate and a solid fiscal regime.

Colombia has taken important steps towards integration into the world economy with easy access to a global market of almost 1.2 billion people thanks to the wide number of free trade agreements (including the UE), its privileged geographical location and a developed logistics infrastructure network. Colombia's top exports are oil, coal and coffee, which account for around 58 percent of total exports. Yet, in recent years, other products such as chemicals, machinery and cut flowers have been gaining importance too. The United States is the largest investor, while the European Union is the largest FDI provider. The main export destinations for Colombia in 2017 were the United States, followed by Panama, China, The Netherlands and Mexico. Promising industries for Dutch businesses in Colombia consist of agriculture & food, water management & technology, port development & infrastructure. Other sectors and themes that are

worth mentioning in the Colombian context are the health sector, resilient cities, renewable energy.

Agriculture

Agri-Food

The agricultural sector of Colombia, covering 6% of the economy's total GDP, is identified by the Colombian Government as one of locomotives of economic growth. Over the past years agricultural production and exports have been growing. At the same time, in this post-conflict era, the agricultural sector is key for bringing more stability to the Colombian rural areas and poverty reduction. Many challenges lie ahead in the field of increasing productivity and sustainability, including climate change. Agriculture shows ample of opportunities, which the "Colombia Siembra" program of the Government

demonstrates. The program's ambitious goal of increasing the cultivated area with 1 million hectares (from 7.1 to 8.1 million hectares) was already accomplished in 2017. According to the last Agricultural National Census (2014), another 26,5 million hectares have the potential for agricultural activities. Among the prioritized products for local consumption are maize, forestry, rubber and soy. At the same time increasing export priorities include cacao, palm oil and tropical fruits, which are already some of the biggest export crops. Opportunities exist for Dutch knowledge and technology transfer in several stages of the production chain, in the area's of genetics, cultivation, post-harvest, atomization, agro logistics and sustainability.



Animal production

Colombia produced 1.563.568 tons of poultry meat and 13.820 million eggs in 2017. An increase of 40% and 30% respectively in five years, explained by a 34% increase of per capita consumption in the same period. Pig production almost doubled from 2.5 million in 2005 to 4.6 million in 2015, while consumption has increased in popularity, reaching 9.3 kg per capita in 2017. Colombia has 21 million heads of cattle (2.5 million dual purpose and 8 million specialized), and a per capita beef meat consumption of 18,6 kg in 2016. Moreover, it is the fourth per capita milk consumer in Latin America, even though around half of the country's dairy production remains informal.

Increasing productivity, improving animal welfare and the issue of Antimicrobial Resistance, are some of the challenges the sector needs to overcome to ensure further positioning. Innovation and technology investments are taking place at this moment. The Dutch knowledge and technology is highly praised and welcomed in Colombia. In different area's including genetics, more efficient and sustainable production methods, animal nutrition and processing methods.



Horticulture

Horticulture is a major industry in Colombia. For decades, the country has maintained its position of being the second flower exporter in the world, after the Netherlands. Most Colombian flower producers have international (sales) offices and have large teams of engineers working for them. The sector is, in terms of logical structure, very well developed. Over 98% of its flowers are being exported. However, efficiency and productivity must improve and the Colombian horticulture sector needs to develop a more sustainable approach to maintain competitive in the near future. The future challenges for the vegetable & fruit production with regards to sustainability, food safety and food security are bigger and more substantive however. This offers ample of business opportunities, especially in the longer term, which are worthwhile to be explored.

Water

Colombia has large water resources, the third largest reserves worldwide. Water resources are however unequally distributed, thus, excess of water as well as scarcity are both an issue in the country. 80% of Colombia's GDP is concentrated in the Magdalena-Cauca-Caribe hydrological region. The most critical conditions due to contamination, supply pressure, and vulnerability towards climate change, are concentrated in this area. Colombia is also considered one of the most vulnerable countries in the world due to climate change.

Business leads can be expected in the following areas:

Specific projects: Canal del Dique – Phase II, PPP Navigability Magdalena River, Coastal Protection in the City of Cartagena.

Water Technology: Expansion of drinking water coverage and residual water treatment; Reduction of drinking water losses (leakage control); Water use efficiency technologies in crops.

Integrated Water Resource Management

- Water governance and Master Planning (conservation, fluvial transportation, flooding risk management, early warning systems, climate adaptation)
- River transport solutions, coastal protection solutions – that incorporate the Building with Nature approach
- Renovation of drinking water and sewer pipe systems
- Hydrological forecasting systems / National modelling center
- Environmental Impact Assessments and remediation plans for the approval of mega industrial projects

Colombia and the Netherlands have built a strong relationship and are committed to work together under the Colombian Dutch Water Partnership. There are Dutch companies active in Colombia such as: RHDHV, Witteveen+Bos, Nijhuis, Arcadis, Deltares, Dutch Water Authorities (Blue Deal), Dutch Water Companies (Waterworx), Aqysta, Solidaridad, Akvo, Antea, Paques, BersonUV, among others. From academia, TU Delft, IHE Delft Institute for Water Education, Wageningen University and Deltares Institute are active in Colombia with several initiatives including the Colombian Dutch Water Academic and Research Partnership.

Logistics and Transport

Competitiveness and joining global value chains of distribution, has been one of the main goals within Colombia's contemporary growth strategy. A modernized and sustainable infrastructure and logistics sector is a key element to achieve this ambitious goal.

Currently the sector is still considered a bottleneck, partly due to the rough geography of Colombia, which is 27 times bigger than the Netherlands, has two coastal lines, and three large mountain ranges. Today, transporting a container from the Caribbean coast of Colombia to the industrial poles of Bogotá and Medellín, can be three times more expensive than transporting the same container directly to the Netherlands. The latter represents a niche for Dutch technology.

At the same time, Colombia has dedicated an enormous amount of investments in the sector. PPP investments will be realized in roads, ports, railways, airports and distribution centers. The country is also embarking on the implementation of the National Logistics Strategy, which will harmonize the interaction of the

different modes of transport, including river transportation. Investments in ports will also be considerable, with a dynamic private sector in the lead. Focused on big data and systems that allow the interaction and cooperation between ports, sustainable port technologies, improved dredging solutions, and heavy machinery.

The Netherlands is well recognized in Colombia and has an excellent reputation when it comes to port management, river transportation and logistics as a whole. Promising relations have been developed with the Colombian National Business Association (ANDI), the Colombian Chamber of Infrastructure (CCI), Colombian Federation of Logistics Agents (FITAC), and Defencarga. Dutch companies active in this sector are RHDHV, Witteveen+Bos, STC, Boskalis, Van Oord, APM Terminals and Vopak, among others.

Life sciences and Health

Colombia has nearly universal health care coverage (96.6%), achieving rather equal services for those in and out of formal employment. Nevertheless, the country faces important challenges to maintain and improve efficiency, quality and sustainability. The signing of the peace agreement with FARC adds more pressure on the provision of services in those areas where the State has never had or has a weak presence. Those areas are an extensive part of the territory. This transition phase brings a great deal of challenges and opportunities. It is clear that the sector is set to expand significantly in the coming years as more patients gain access to cutting-edge treatments. The Netherlands is an active partner of Colombia in the peace process and provides support to the Colombian challenges in post conflict and rural areas. The Netherlands private sector offers smart solutions for rural health by transfer of knowledge, strengthening of primary healthcare as well as provision of infrastructure and technologies for remote areas.

Life Sciences and Health is a key sector for the Netherlands and Colombia. Colombia has been prioritized since 2016 by the top Sector LSH as one of the priority countries for economic and trade relations and The Netherlands has ranked for 9 consecutive years as the best health system in Europe, by the European Health Index. There are large similarities between the Dutch and Colombian Systems. Both have insurance models through private companies with universal coverage with the Ministry as regulator. This offers opportunities for exchange at all levels (public,

private, knowledge). Economic and commercial opportunities are there in both high end health care such as investment in hospital care as well as in rural health development. The Dutch private sector has technology and knowledge to offer in both fields. The Kingdom of the Netherlands is also client of the Colombian system with 50% of medical tourism in Colombia coming from the Caribbean parts of the Kingdom.

Creative Industries

In Colombia, the Creative Industries sector is known as the *Orange Economy* and categorized into two groups: (dance, music, festivals, carnivals, theatre, performances, and audio visuals) and (fashion, architecture, graphic design). This sector is responsible for the 3,3% of the GDP and generates around 800,000 jobs. Just recently, in April 2017, the *Orange Law* was approved, which seeks to support, develop and improve the Creative Industries in Colombia.

In The Netherlands, the Creative Industries sector ranks in the world's top 10 for trade, jobs and brands and is one of the fastest growing sectors in the country. Since the Dutch Top Sector has indicated Colombia as one of its priority countries (2016), the Dutch Embassy in Colombia focuses within this sector on urban development (urbanism) which has been integrated with sustainable/resilient cities (sustainable mobility, waste management, IT, clean energy and water management), architecture, design and music. The successful trade mission of the sector in 2016 took place in the frame of the participation of the Netherlands as guest country of honour at the international book fair of Bogota (FILBO). A study was carried out in order to define possibilities in the sector in Colombia. Since then, there has been an increasing interest of Dutch companies, especially in the area of architecture, design and cycling.

Resilient cities

Also in the field of waste management cooperation has been strengthened. In the areas of urbanism, resilient cities and architecture as well as in sustainable transport there is ample potential to further link the ambitions of principal and medium sized cities in Colombia with the interest of the sector in the Netherlands. Also in the field of waste management cooperation has been strengthened. Cycling is a fast growing activity in cities in Colombia and Dutch expertise is highly praised in the fields of

integral planning, cycling infrastructure, safety and security and cycling education.

Do's and don'ts in Colombia

Language

Spanish is the official language in Colombia and many business people speak at least some English. Though you will meet many Colombians who prefer to speak Spanish rather than English. In case you do not speak Spanish, we recommend calling in an interpreter whenever you have an important business meeting.

Business relations

Discuss corporate strategies with highest-ranking employees, because decisions are taken at that level and sometimes it can take time before important decisions are taken. The exchange of business cards is an essential step when meeting someone for the first time. Business relationships in Colombia exist between people, not necessarily between companies. Even when you have won your local business partners' friendship and trust, they will not necessarily trust others from your company. That makes it very important to keep company interfaces unchanged. A good local agent is well connected and can help you establish connections easily.

Business etiquette

Colombians are usually formal when it comes to clothing, especially in formal meetings. If you show up on time in meetings it will be highly appreciated. However, you should not be surprised if Colombian business partners show up late, especially in cities where there is heavy traffic, like the capital Bogotá. Small talk at the start of a conversation is not unusual and often appreciated as for example thanking and appreciating your partner for the opportunities. Invest time in building and strengthening personal relations; family, friendship and career history are important aspects for your Colombian partners. It might feel that Colombians are in a hurry to get your offer, and afterwards it can be quiet for a long time. Often this is the result of complicated (legal) internal processes, especially with public sector counterparts.

How can we support your business?

RVO Instruments

The Netherlands Enterprise Agency (RVO) offers the following instruments to promote doing business with Colombia: Dutch Good Growth Fund (DGGF), Facility for Sustainable Entrepreneurship and Food Security (FDOV), Sustainable Water Fund (FDW), Development Related Infrastructure Investment Vehicle (DRIVE), Starters International Business (SIB), Partners for Water: Water Safety and Water Security for Urban Deltas (WWSD), [subsidies for demonstration projects, feasibility and investment preparation studies \(DHI\)](#). For more information: <https://www.rvo.nl/subsidies-regelingen>.

FMO

FMO is the Dutch Development Bank (FMO) that invests in growth and frontier markets, such as Colombia, supporting jobs and income generation and improving people's lives in those parts of the world where this makes the biggest difference. FMO invites others to partner in lowering thresholds for other financiers, opening up new markets and opportunities and is interested to work together with Dutch companies.

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<https://www.nederlandwereldwijd.nl/landen/colombia>

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Colombian investments incentives

ProColombia provides business opportunities, clear information on requirements, strategies for expanding services and goods at an international level, participation in business fairs and assistance by experts for investors, exporters, and professionals that wish to come closer to their dreams. ProColombia has a representative in The Netherlands.

Local partners: Findeter, National Development Financing Agency, Adaptation Fund, Colciencias, Fonade, National Planning Department. Multilateral Banks: Inter-American Development Bank (IDB), World Bank and Latin-American Development Bank (CAF).

Holland House

Holland House is the bilateral Chamber of Commerce, which connects companies and organizations in the Netherlands and Colombia. Currently the Holland House counts 170 members.

Embassy of the Kingdom of the Netherlands

The Dutch embassy provides first line assistance to Dutch companies interested in Colombia's economic development and policies, sustainable trade and investment opportunities. Together with the Colombian government, companies and NGO's the embassy works on improving Colombia's business climate in a sustainable way.

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Official name	República de Colombia
Government type	Presidential
Population	49 million
Area	1.14 million km ²
Time difference	UTC / GMT – 5 h
Official language	Spanish
Currency	Colombian Peso (COP)
GDP growth rate	1.8% (2017)
GDP per capita (US\$)	USD 13.910 (2016)
Trade volume	USD 75,8 bn. Total Imports USD 44,8 bn. Total Exports USD 31.0 bn. (2016)
Inflation	4.09% (2017)
Global Competitiveness Index	66 th (2017-2019)
Ease of Doing Business	59 th (2017)
Global Corruption Index	96 th (2017)
Main trading partners	United States, Panama, China, The Netherlands, Mexico, Ecuador, Turkey
Major exports	Oil, coal, coffee, cut flowers.
Major imports	Manufacture, pharmaceutical products, iron, steel, telecommunications equipment
Netherlands FDI in Colombia	EUR 366 million (2014)
Dutch-Chile trade	EUR 1.66 billion (2015)