

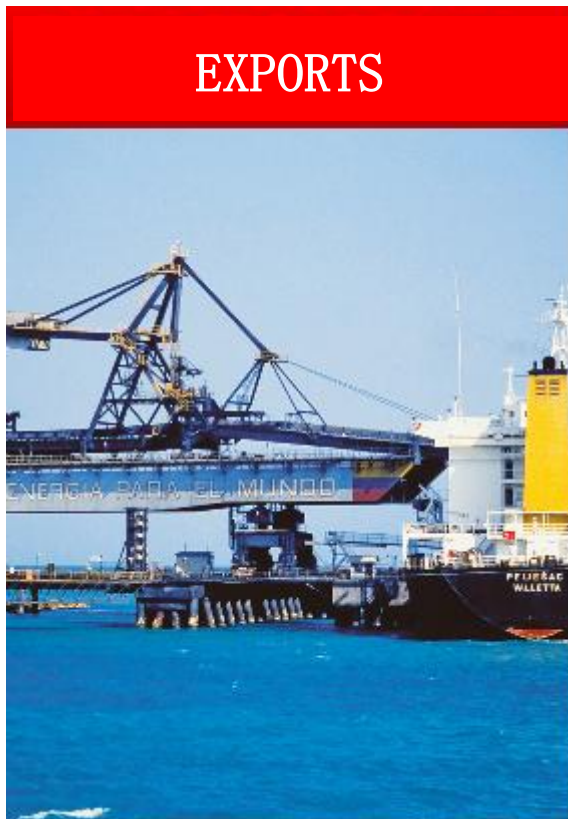


Investment Environment and Ports and Fluvial Infrastructure Projects in Colombia

October 2013

**Proexport is the Colombian Government
agency in charge of the promotion of
International Tourism, Foreign Direct Investment,
and exports**

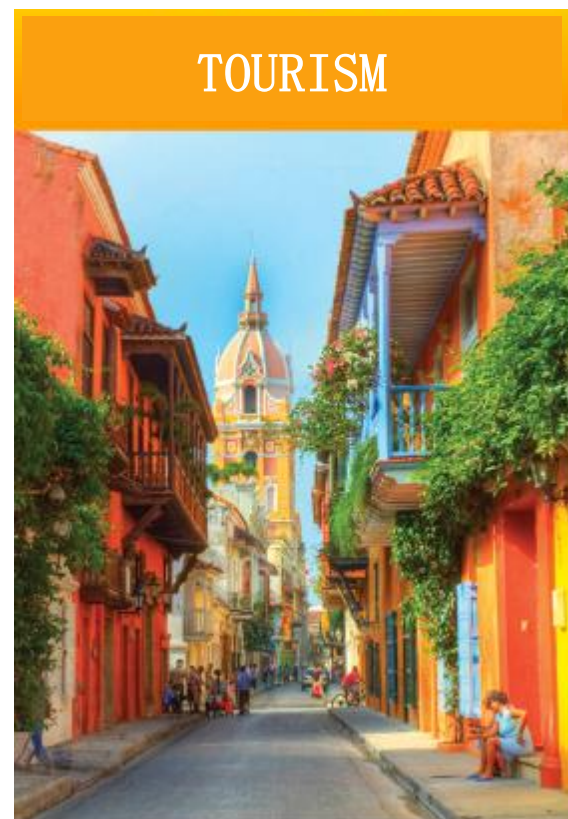
EXPORTS



INVESTMENT



TOURISM



The facts behind the headlines

Jun 3, 2013

Colombia: A rediscovered country

FT

FINANCIAL
TIMES

For decades the rugged Andean landscape harboured crime and violence, but today regional pride is emerging in a revived economy

Is Colombia The Indonesia Of Latin America?

+ Comment Now + Follow Comments

by Heather West

For several years now global investors have looked to the Southeast Asian archipelago of Indonesia as one of the great growth opportunities in Asia-Pacific, with its natural resources, its fast-growing economy and 250 million people to pay for Western soft drinks,

Forbes



FT
FINANCIAL
TIMES



Colombia As A Potential New Free Trade Haven

BMO Harris Contributor. BMOHarrisBank

+ Comment Now + Follow Comments

By Alexa van Sickle

Colombia, with its 45 million consumers, has long seemed a prime market for U.S. exports in the region. It has the third-largest economy in Latin America, and in 2010, U.S. producers exported more than **\$11 billion in goods** to Colombia, making it the U.S.'s

Forbes



(Image credit: AFP/Getty Images via @daylife)

2012: a year of great economic achievements

- **GDP growth:**
4.0%

Higher than
expected average
growth rate for Latin
America (3.2%)



- **Unemployment**
rate: 10.4%

9,2%
unemployment rate
by 2014



- **1 million barrels**
per day of oil
production

Fourth largest
producer in Latin
America



- **Foreign Direct**
Investment: USD
15,823 MM

- **4.3% of GDP**

Record figure in the
history of Colombia



- **Exports of goods**
and services
USD 60,667 MM

- **5.7% growth rate**

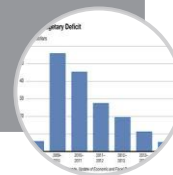
Record figure in the
history of Colombia



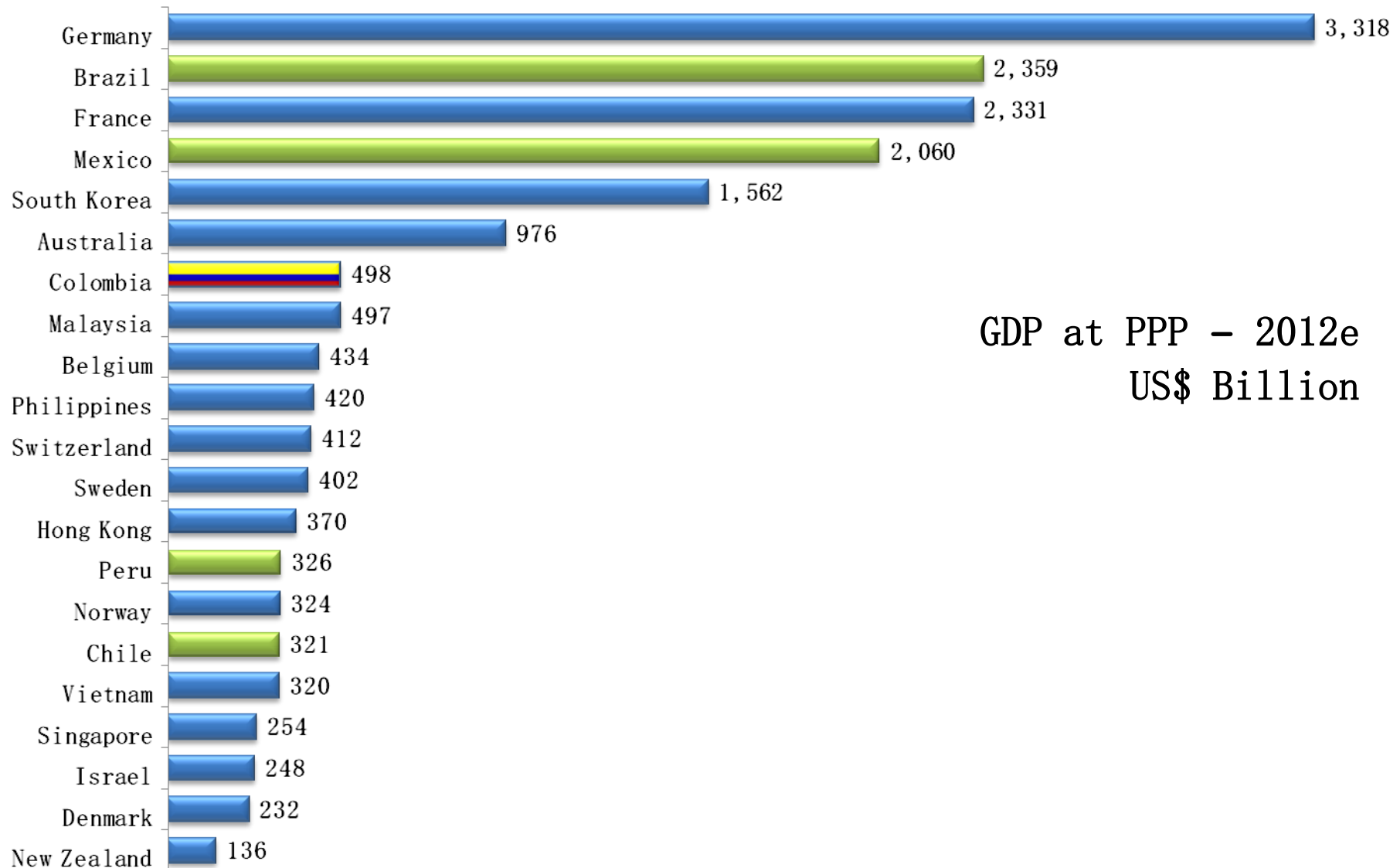
- **Controlled**
inflation

- **2.4%***

***Under inflation**
target



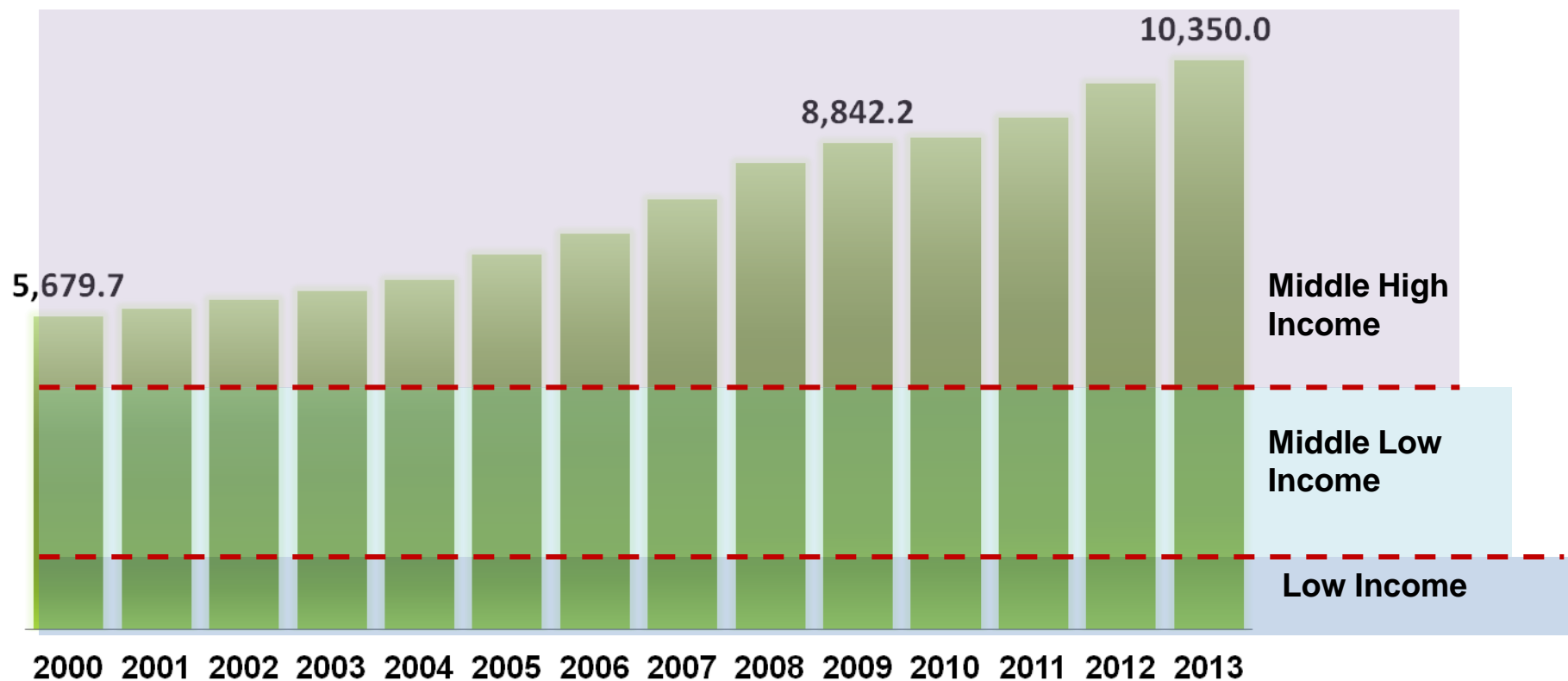
Colombia is the 28th largest economy in the world and one of the largest non-OECD economies



GDP at PPP – 2012e
US\$ Billion

Colombia's per capita Income has grown almost twice since 2000, maintaining a Middle High Income

Income Per capita (PPP).
2000 – 2013 US\$



The top three risk-rating agencies awarded the investment grade to Colombia

S&P (august 2012)
and **Fitch** (march
2013) **upgraded**
Colombia's
sovereign debt
outlook to positive

“Effective
implementation of
recent fiscal reforms
could improve its debt
and interest burdens”–
S&P



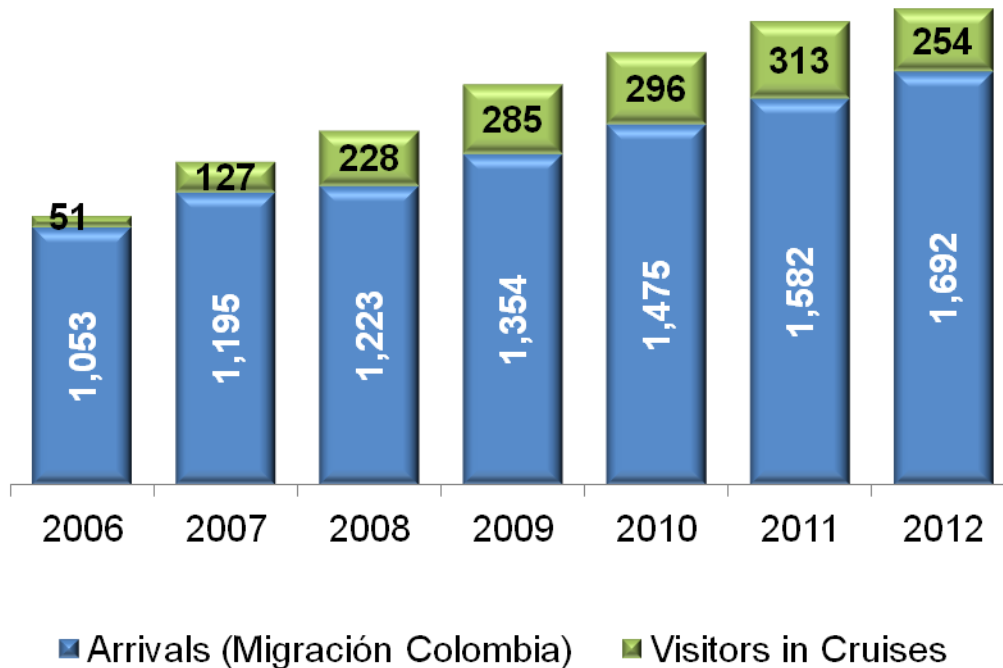
Rating Agency	Term	Rating	Date	Outlook
	Long Term– Foreign Currency	BBB –	16 – Mar - 2011	Positive
	Short Term– Foreign Currency	A – 3	16 – Mar - 2011	
	Long Term– Local Currency	BBB +	5 – Mar - 2007	
	Short Term – Local Currency	A - 2	5 – Mar - 2007	
	Long Term– Foreign Currency	BBB –	22 – Jun - 2011	Positive
	Short Term– Foreign Currency	F – 3	22 – Jun - 2011	
	Long Term – Local Currency	BBB	22 – Jun - 2011	
	Long Term– Foreign Currency	Baa3	7– Feb - 2012	Positive

In 2011, the three top risk-rating agencies upgraded Colombia's sovereign debt rating to investment grade, coinciding with the **excellent economic and financial period** that the country was facing:

- ✓ A reduction in its vulnerability to **external shocks**
- ✓ Confidence in the government's **macroeconomic policy**
- ✓ Its historic **fulfillment of obligations**
- ✓ A true improvement in **security policies**

Colombia is increasingly attractive to visitors

Foreign visitors in Colombia 2006 – 2012 Thousands



Main nationalities of foreign visitors in Colombia, 2012



United States

- 319,202 visitors
- 18.9% share



Venezuela

- 250,404 visitors
- 14.8% share



Ecuador

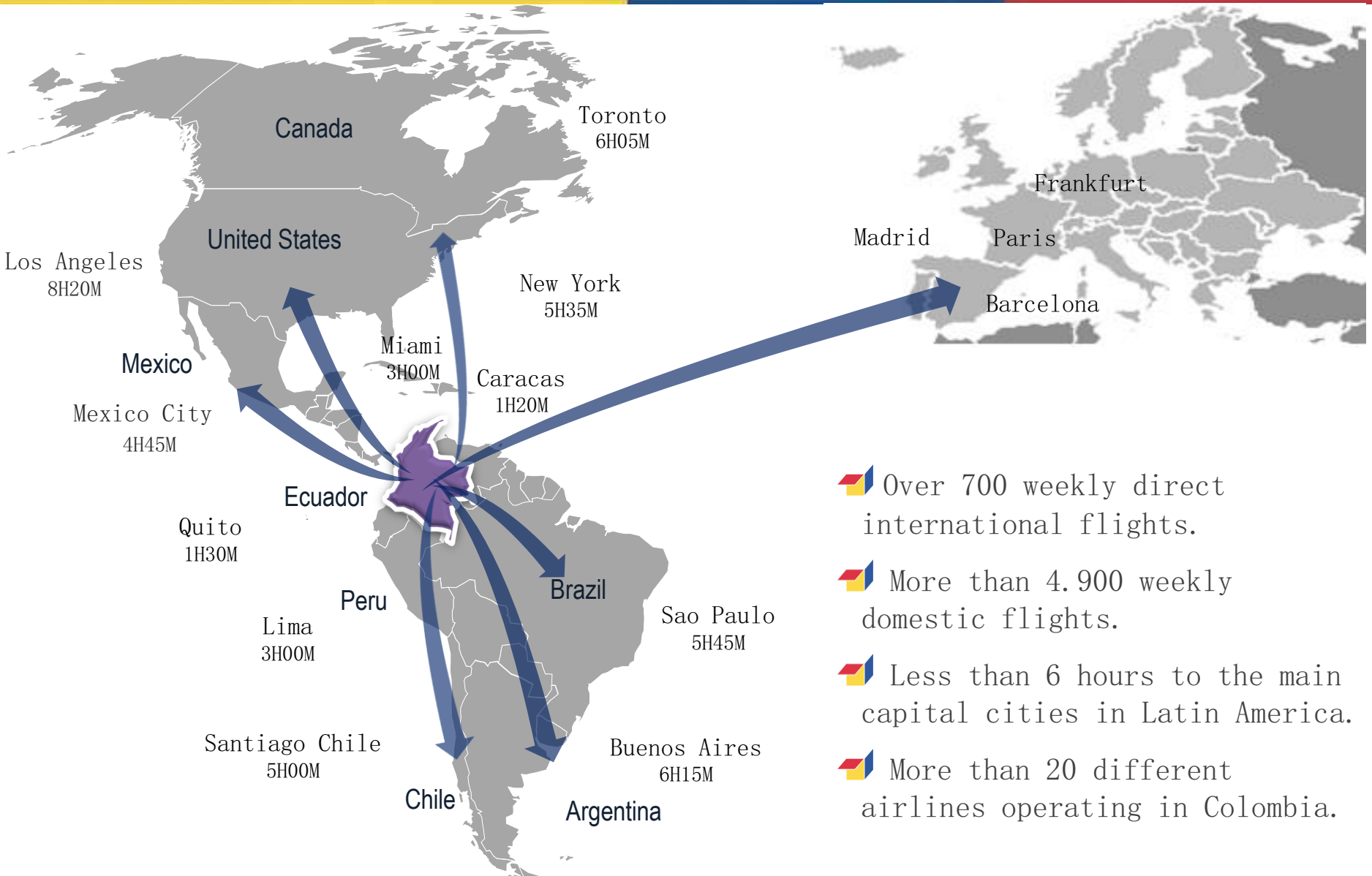
- 114,564 visitors
- 6.8% share



Argentina

- 111,555 visitors
- 6.6% share

A competitive location with easy access to markets around the globe

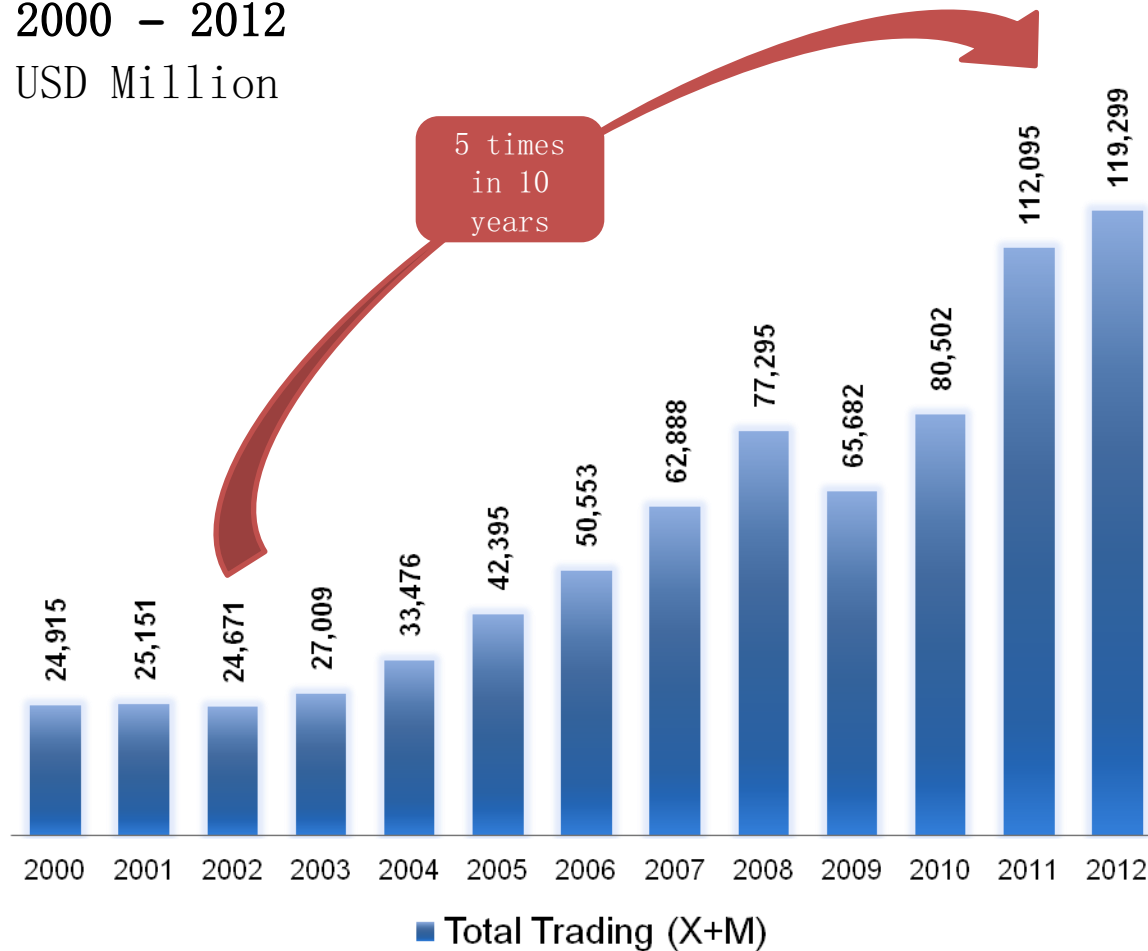


- Over 700 weekly direct international flights.
- More than 4.900 weekly domestic flights.
- Less than 6 hours to the main capital cities in Latin America.
- More than 20 different airlines operating in Colombia.

Colombia's overall trade increased by nearly 5 times in the last 10 years

Exports and Imports.
2000 – 2012

USD Million



Top trading partners in 2012



United States

- Exports US\$ 21,980 million
- Imports US\$ 14,035 million



China

- Exports US\$ 3,343 million
- Imports US\$ 9,564 million



Mexico

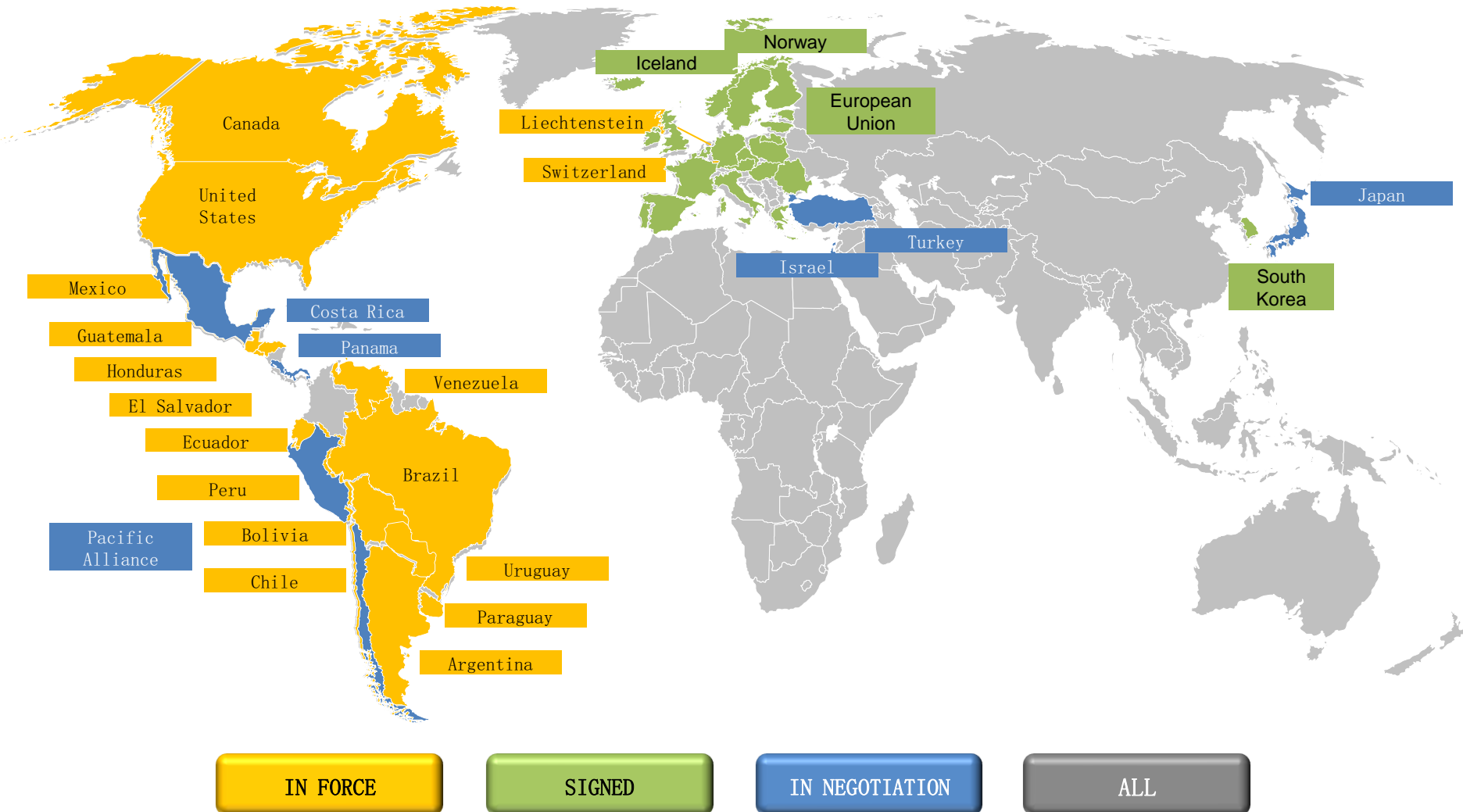
- Exports US\$ 835 million
- Imports US\$ 6,362 million



Brazil

- Exports US\$ 1,297 million
- Imports US\$ 2,795 million

Free Trade Agreements in force



The Pacific Alliance: An initiative for strengthening deep integration among nations and economies.

The objective is to integrate, cooperate and articulate the member countries potential to enhance economic growth, and competitiveness among the sub-region.



Population of 204 million

Almost Brasil's Population

The 4 countries represent
50% of Latin American Commerce

FTAs with 60 countries

Acces to benefits to a market the size of 85,7% of the World GDP

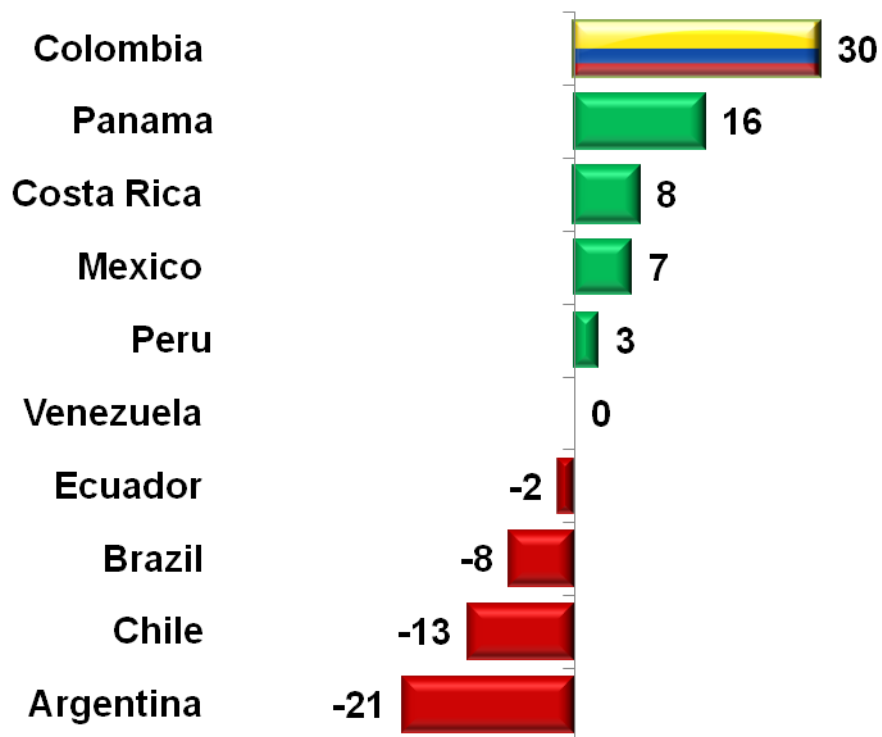
The members generate
34% of the region's GDP

Colombia is the third country with the most business friendly environment in the region



Doing Business Ranking* 2008–2013

Change in the number of positions

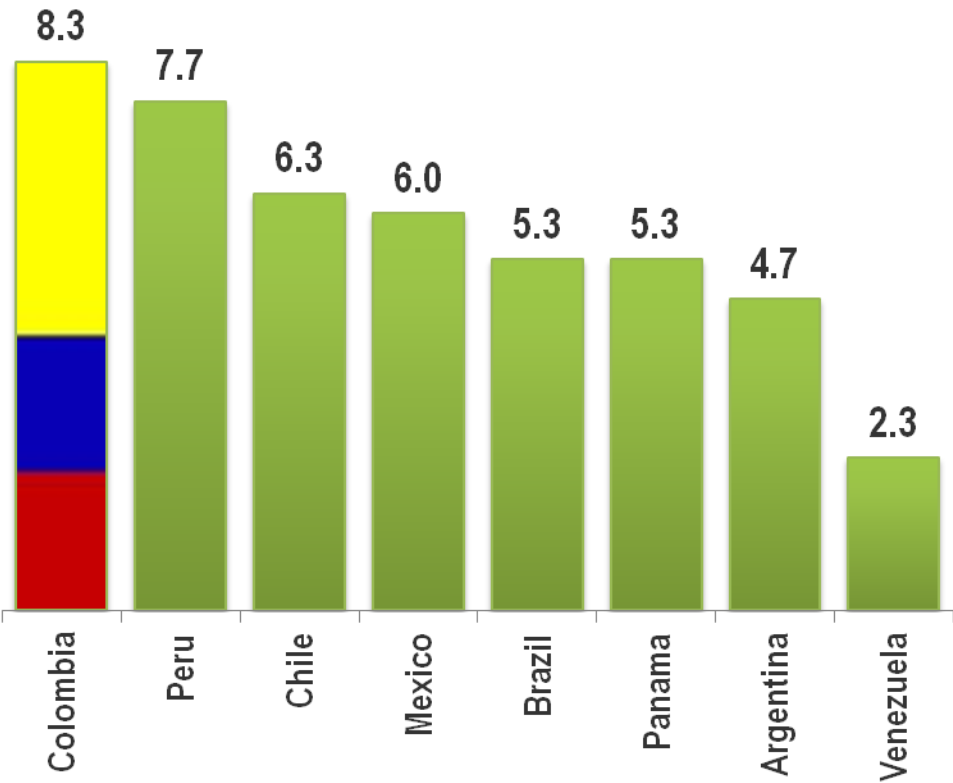


Country	World Ranking 2013
Chile	37
Peru	43
Colombia	45
Mexico	48
Panama	61
Costa Rica	110
Argentina	124
Brazil	130
Ecuador	139
Venezuela	180

Colombia is the leader in terms of Investor Protection in the region



Investor Protection Index Doing Business - 2013



World Ranking	Country
6	Colombia
13	Peru
32	Chile
49	México
82	Brazil
82	Panama
117	Argentina
181	Venezuela

Government Development Plan



AGRIBUSINESS



MINING



INNOVATION



INFRASTRUCTURE



HOUSING

Colombia is compromised in improving its infrastructure

Strategy:

- With the objective to achieve 3% of GDP in 2014 (US\$9 Billion)
 - US\$3 billion for public works (33% Share of total)
 - US\$6 billion for Public-Private Partnerships (66% Share of total)

Road Transportation

- The government expectations for 2021 in terms of road infrastructure is to have **5,200Km** of double lane highways, with projected investment **US\$24,5 billion**.
- From this plan, **1,400 Km** are expected to be finished by 2014.
- 50/50 between public works and **Public-Private Partnerships (PPP)**.

Railroad infrastructure

- There will be another **1,265 Km** of new railways by 2014 (**US\$770m**), executed through PPP.

Ports infrastructure

- The Government plans to increase **69%** the port capacity through the expansion of the existing ports. Total investment is expected to be close to **US\$1B** by 2014.

Airport Infrastructure

- There will be **2 new projects** to be awarded in the second semester of 2013 for constructing new airports in middle cities. Total investment is expected to be close to **US\$230 million** by 2014

Rivers and Navigability

- Colombian government expects to intervene more than **1,200 Km** of rivers all over the country, to mobilize **6 million tons** by 2014. Total investment is expected to be close to **US\$900 million** by 2014.

Massive Transportation System

- The Government is structuring Public Transportation Systems in 12 intermediate cities, and is planning to extent in 8 cities that already have them. Total investment is expected to be close to **US\$ 3.5 billion** by 2014

Opportunities in Port Infrastructure

The Government wants to increase in 69% the port capacity through the expansion of the existing ports, the construction of public service ports and the dredging of the access channels.

PUERTO DE AGUAS PROFUNDAS (Port of Deep Waters)
Location: Near Barranquilla, on the Caribbean Sea

PUERTO BRISA
Location: Dibulla, Guajira, on the Caribbean Sea

Expansion of the drought of the 4 main ports of Colombia:
Buenaventura, on the Pacific Ocean
Barranquilla, on the Caribbean
Cartagena, on the Caribbean
Santa Marta, on the Caribbean

PUERTO DIQUE:
Location: Canal del Dique (Dique Channel) near Cartagena



Goal to 2014

• Ports in Expansion

- SPR Buenaventura
- SPR Barranquilla
- SPR Santa Marta
- SPR Cartagena

• New Ports

- Puerto de Aguas Profundas
- Puerto Brisa
- Puerto Dique

Puerto de Aguas Profundas

Location: Near to Barranquilla
Company: Sociedad Portuaria de Bocas de Ceniza
Scope: Expand the mouth of the Magdalena River into the Caribbean Sea. Build a multimodal port. Build a Channel of 700 mts. (2,296 feet) and drought of 22 mt. (72 feet)
Status: Private capital for the channel is already located by 6 investment firms.
They already received proposals of 3 large ports industry companies, 2 from Europe and 1 from Asia.
Cost: \$600 M
Size of the concession is 900 Ha (2,223 acres) there will be 3 phases.
1st phase will start on January 2014 and will take 36 months.



Puerto Brisa

Location: Dibulla, on the Caribbean

Scope: Construction of a port of deep waters with the capacity for load and unload bulk solids and liquids., Attached to a free trade zone.

Designed for vessels up to 180.000 DWT, capsize vessels or bulk carriers

Drought: 21 meters (69 feet)

3 Stages

1st Stage Completed

2nd: Port connection to the national rail network

Stage 3: Construction of 5 Piers, 10 Berths, with capacity for load and unload of bulk cargo and containerized.

Sistema constructivo viaducto-muelle

Estado Avance de obras.

PUERTO
BRISA



Estado actual de avance viaducto (1.180 metros de longitud)

Puerto Canal del Dique

Location: Near Cartagena on the Caribbean Sea

Scope: Port Construction and Maintenance of Canal del Dique, a 118 km (387,139 feet) man made channel that connects the Magdalena River with the Caribbean Sea near to Cartagena

Status: in blue prints

Cost: \$800 M



Fluvial structure in Colombia: Main Rivers

Current fluvial structure
comprise:

- 18.225 Km navigable
- 32 Ports of national relevance
- 52 ports with local and regional transportation services.

- **Navigable: 634 Km**
- Slow Navigability: 450 Km
- Unnavigable: 390 Km
- **Total length: 1.024 Km**

4. Cauca River



- **Navigable: 1.092 Km**
- Slow Navigability: 205 Km
- Unnavigable: 458 Km
- **Total length: 1.550 Km**

2. Magdalena River



Government Goals for 2014:

- Recuperating the navigability of the Magdalena River from Puerto Salgar – La Dorada
- Leticia Pier
- Navigability Plan Assesment for Meta, Atrato and Putumayo rivers.
- La Mojana y Dique's canal.

- **Navigable: 947 Km**
- Slow Navigability: 12 Km
- Unnavigable: 0 Km
- **Total length: 947 Km**

5. Guaviare River



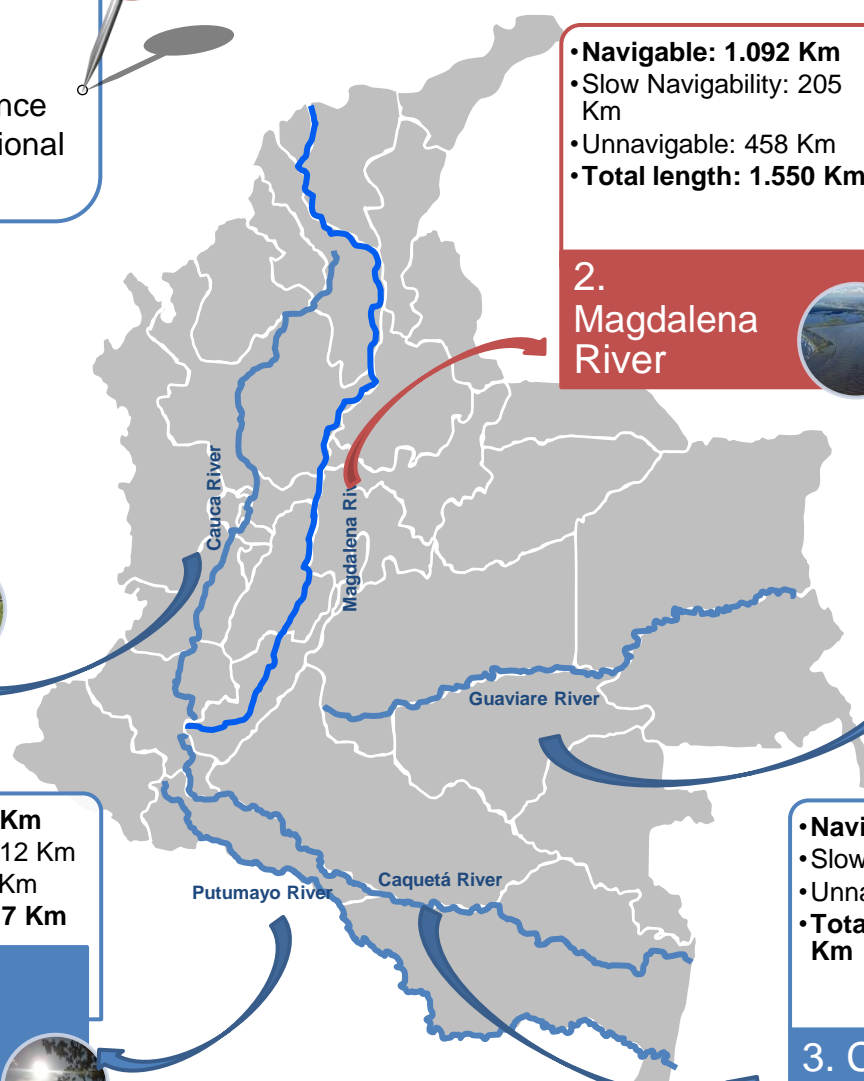
- **Navigable: 1.600 Km**
- Slow Navigability: 12 Km
- Unnavigable: 117 Km
- **Total length: 1.717 Km**

1. Putumayo River



- **Navigable: 1.200 Km**
- Slow Navigability: 0 Km
- Unnavigable: 150 Km
- **Total length: 1.350 Km**

3. Caquetá River



Fluvial Infrastructure

Colombian government expects to intervene more than 1.200 Km by 2014 to mobilize 6 million tons to 2014 by executing the following projects:

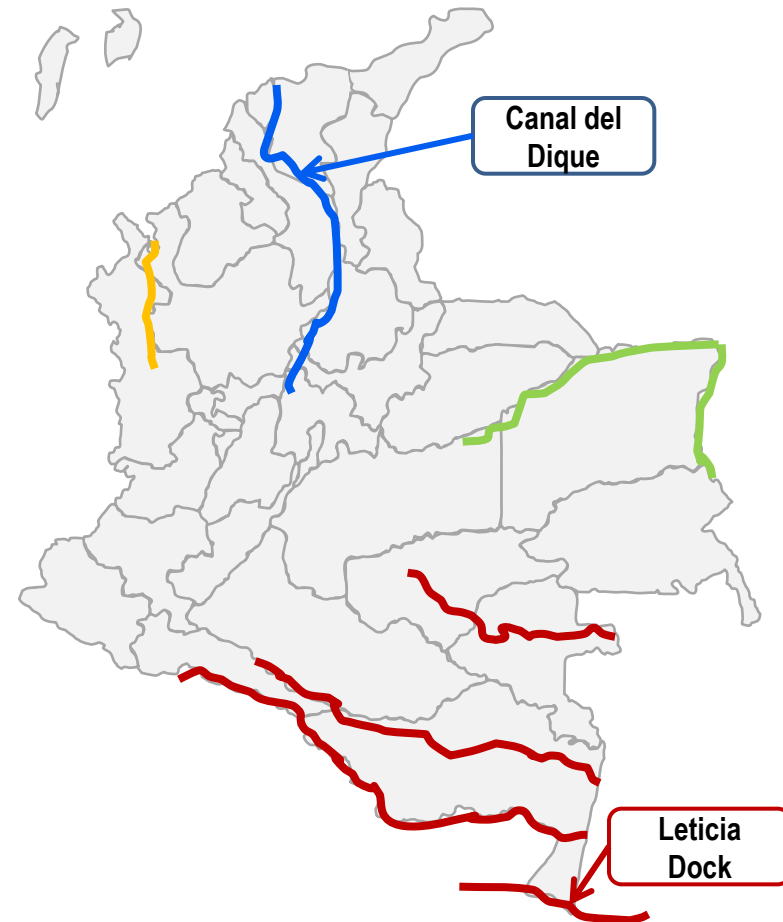
➤ Recovering the Magdalena Rivers navigability from the center of the country, expecting to mobilize six million tons of natural resources by 2014. The tender for the dredging of the river opened in December of 2012 by Cormagdalena. The pre-qualification ended on April 2, 2013 and the contract is going to be awarded in March 2014.

➤ Leveraging our river network in the Orinoco and the Amazon region.

➤ Carrying out Leticia's shore adaptation.

➤ Solving problems of the Canal del Dique and La Mojana

Expected Investment to 2014: USD\$900 Millions
Expected Investment to 2021: USD\$1.700 Millions



- Magdalena River from Puerto Salgar
- Orinoquia river network
- Amazonia river network
- Water Highway Buenaventura and Guapi

Incentives by sector: up to 20 years of income tax exemption

Tourism	<ul style="list-style-type: none">• Exemption for 30 years for those who invest in the construction or renovation of hotels between January 1st, 2003 and December 31, 2017.
Eco-tourism	<ul style="list-style-type: none">• Exemption for 20 years starting from 2003.
Late yield crops	<ul style="list-style-type: none">• Exemption for 10 years after the beginning of production in crops planted between 2003 and 2014.
Forestry	<ul style="list-style-type: none">• Permanent exemption for investment in new forest plantations, sawmilling and timber plantations.
Editorial	<ul style="list-style-type: none">• Publishing of books, magazines, booklets or collections of scientific or cultural characteristics are exempt until 2013.
Software	<ul style="list-style-type: none">• Exemption for 5 years for software developed in Colombia with high scientific and technological research content. The exemption begins on January 1st, 2013.
Renewable energy	<ul style="list-style-type: none">• Exemption for 15 years for sale (by the generators) of electricity based on wind resources, biomass or agricultural waste.
River transportation	<ul style="list-style-type: none">• Exemption for 15 years starting from 2003 to provide services in slabs and boats with net weight below 25 tons.
Research and Technological Development	<ul style="list-style-type: none">• 175% income tax deduction over investments in scientific and technological developments.



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