



COLOMBIA

What's happening in the economy

With only three years of negative economic growth in the last 100 years, Colombia is now the fourth largest economy in Latin America. In terms of economic growth, only Peru has grown faster in Latin America over the last decade.

With sound macroeconomic fundamentals, recovering oil and commodity prices, a substantial infrastructure investment program and private consumption growth, GDP is forecast to rise by 3.5 per cent in 2019 and 3.7 per cent in 2020. Colombia's commitment to fiscal discipline has underpinned its investment credit rating since 2013 (Baa2-Moodys; BBB-Fitch; BBB-S&P).

Colombia is the third largest destination for FDI in Latin America, receiving USD 8.6 billion in 2018. The stock of Australian investment in Colombia was AUD 489 million in 2018.

President Ivan Duque has committed to implement tax cuts and simplify administrative processes. The country's recent OECD accession (May 2018) will also promote better public policies and an improved business environment. However, the increasing influx of Venezuelan migrants, currently estimated at more than 1.4 million, has put pressure on fiscal accounts.

In 2019, Colombia recorded its highest position (57/141) ever in the World Bank's Global Competitiveness Report, scoring fourth in Latin America. However, corruption, poor infrastructure, legal uncertainty (especially within the extractive industries), insecurity in some areas left by the ex-Revolutionary Armed Forces of Colombia (ex-FARC guerrillas), and income inequalities remain major challenges.

Key facts and figures

- Population: 49.8 million (2018)
- GDP: USD 333.1 billion (2018)
- GDP growth: 2.7% (2018)
- GDP per capita: USD 6,680.9 (2019)
- Political system: Presidential democracy
- Two-way trade: AUD 901 million (2018)
- Major Australian exports: education services, civil engineering equipment & parts, electrical circuit equipment, food processing machines & parts and electrical machinery & parts
- Major Australian imports: coffee, crude vegetable matter, coal, glassware.
- Two-way investment: AUD 489 million (2018)
- Major investments: mining and mining equipment, technology and services, manufacturing

Trade, investment, and commercial opportunities and activities

- Colombia has continued to reap a peace dividend—estimated at 2 per cent of GDP—after the historic 2016 agreement between the government and the former FARC guerrilla movement.
 - Improvements to the security environment have opened previously off-limits areas to investment in mining, renewable energy, agribusiness, water treatment, infrastructure and tourism.
- Education is one of Australia's key services exports to Colombia, valued at AUD 557 million in 2017-2018.
 - In the first half of 2019, there were 17,601 Colombian students enrolled in Australia, a 23 per cent growth over the same period in 2018.
 - Colombia is Australia's eight largest market by enrolments overall and second largest for English Language Intensive Courses for Overseas Students (ELICOS), behind China.
 - Demand for offshore education services is expected to increase as Colombia's economy continues to develop, underpinned by an expanding middle class (estimated at 31 per cent) and a FDI-friendly-business environment.



connecting Australian business to the world

- Colombia's infrastructure deficit is estimated at over USD 135 billion, with major investments needed in roads and rail, health, education, water and sanitation.
- Colombia's extractives sector includes high-quality thermal coal, nickel, emeralds, copper, gold, silver and platinum. Much of Colombia's mining potential remains unexplored.
- Agriculture GDP increased 2.8 per cent in 2018, accounting for six per cent of the country's GDP. The sector is expected to grow 2.5 per cent in 2019, but the government is aiming for 4 per cent annual growth with a USD 64.9 billion investment for agriculture development.
 - This will likely increase the demand for sophisticated agro-technologies and machinery, such as GPS, irrigation systems and IT solutions.
 - There are also opportunities for Australia in basin and on-farm water management.
- Colombia has a global reputation as a leader in health care services and is a popular destination for medical tourism. It is home to world-renowned tropical medicine research institutions and universities. Colombia also features high-quality soils and a strong legal framework for medical cannabis investment.
- Australia and Colombia signed an Air Service Agreement in February 2019, seeking to improve connectivity given 70,000 people travel this route annually.
 - Australian tourists in Colombia increased 61 per cent to 16,641 between 2012 and 2018.

Trade policy and negotiations

- Australia is currently negotiating an FTA with the Pacific Alliance (Colombia, Chile, Mexico and Peru).
 - Australia will seek a comprehensive, high quality agreement.
 - Areas of interest for better goods market access include agricultural products, aluminium products, mining equipment, pharmaceuticals and paper.
 - By addressing existing tariff barriers and customs procedures, we will aim to ensure that goods trade with Pacific Alliance countries operates as smoothly and simply as possible.
 - Australia will seek further opportunities for Australian service suppliers in sectors such as education, mining-related services, financial services, telecommunications, tourism, environmental services and other professional services such as legal services, architectural design and accounting.
 - Australia will also seek to address a range of issues impacting on trade, including digital trade (e.g. e-commerce) and competition policy.

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