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Colombia

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Executive Summary

This country fact sheet provides key trade and investment related statistics for Colombia. Specifically, it shows Colombia's trade and investment flows including an analysis of top markets and products with both South Africa and the Western Cape, while highlighting the largest and fastest growing products and sub-sectors. Key findings and trends are outlined below.

Economy

Political stability, a growing middle class, the signing of the peace accord between the government and the Revolutionary Armed Forces of Colombia (FARC) guerrillas in November 2016, and a vastly improved safety and security environment have supported an optimistic outlook and moderate economic growth in recent years in Colombia. However, the downturn in commodity prices in recent years, in conjunction with adverse weather conditions, and labour strikes slowed economic output in 2016. Gross Domestic Product (GDP) growth slowed to close-on 2% in 2016. Over half of Colombia's global exports are petroleum products and lower oil prices are expected to continue taking a toll on the country's economy in 2017. Diversification of the economy is imperative.

Trade

Trade flows between South Africa and Colombia have traditionally been skewed, with South Africa's imports from Colombia consistently and for the most, significantly outpacing South African exports to the said country. Accordingly, with the exception of 2010, South Africa recorded a trade deficit with Colombia throughout the period analysed. Turning to trade between the Western Cape and Colombia, with the exception of 2011 and 2015, the Western Cape recorded a trade deficit with the South American country throughout the period under review.

Investment

According to market statistics, a total of 1,331 foreign direct investment (FDI) projects were recorded into Colombia over the period 2003 – 2016, with total capital investment (capex) of USD75.55bn. In turn, outward investment by Colombia into the global economy over the 2003 – 2016 period, was substantial, with 147 outward investments project undertaken with a capital expenditure value of USD8.40bn. While there is no record of Colombian-based companies investing into South Africa over the period 2003 – 2016, FDI by South African based companies into Colombia was modestly more active, with some seven outward investment projects undertaken with a capex value of USD35.7m; one of which was by Western Cape based company, Ad Dynamo.

Tourism

The tourism sector is fast becoming a key driver of economic output, as well as a key earner of foreign exchange, with the tourism sector ranking just behind the oil sector as a source of foreign earnings. According to the country's Ministry of Commerce, Industry and Tourism, visitor arrivals totalled 2,593,057 million in 2016, up from 1,474,863 million in 2010, and a mere 1,053,348 million in 2006. Revenues from tourism have nearly doubled since 2010, and the government's goal is to reach USD6bn in tourism revenues by 2018.

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1. General Information

Colombia is a country situated in Northern South America. It borders the Caribbean Sea, between Panama and Venezuela, and borders the North Pacific Ocean, between Ecuador and Panama.

Source: *CIA World Fact Book, 2017*

By area, at 1,138,910 km^2 - of which 1,038,700 km^2 is comprised of land and 100,210 km^2 of water - Colombia is the 26th largest country in the world. With an estimated population of 47,220,856 in July 2016, the country was the 30th most populated in the world, the fourth largest economy in Latin America, after Brazil, Mexico, and Argentina, and has the third largest population in Latin America after Brazil and Mexico.

It is a multi-ethnic and multi-lingual country and includes four officially recognised ethnic groups: the indigenous population, the Rizal population, the black or Afro-Colombian population, and the Rom (gipsy) population.

Source: *CIA World Fact Book, 2017*

The country has five commercial hubs in the country: Bogota, Medellin, Cali, Barranquilla, and Cartagena. In 2015, Bogota was home to an estimated 9.765 million Colombians, Medellin 3.911 million, Cali 2.646 million, Barranquilla 1.991 million, Bucaramanga 1.215 million, and Cartagena, 1.092 million.

Traditionally, Colombia has been one of Latin America's most unequal countries with of the highest poverty and inequality rates in the region. However, significant strides have been made on this front post 2002, with the country's extreme poverty rates cut by half between 2002 and 2014 according to the World Bank. Specifically, more than six million people left poverty, and for the first time ever, more Colombians are considered middle class than in poverty. Said differently, from a ratio of 49.7% of the population living below the national poverty line in 2002, this had dropped to 27.8% by 2015, before increasing marginally to 28% in 2016. In addition, the country's GINI coefficient - which measures income inequality of citizens - decreased from 52.2% to 51.7% in 2016. Underlying the progress made was economic growth, which the multilateral organisation cites for over 70% of extreme poverty reduction over the said period.

From a per capita income perspective, the World Bank as an upper-middle-income economy in which GNI per capita is between $4,036 and $12,475 currently classifies Colombia. For the current 2017 fiscal year, low-income economies are defined as those with a GNI per capita, calculated using the World Bank Atlas method, of $1,025 or less in 2015; lower middle-income economies are those with a GNI per capita between $1,026 and $4,035; upper middle-income economies are those with a GNI per capita between $4,036 and $12,475; high-income economies are those with a GNI per capita of $12,476 or more.

The Colombian urban-rural picture is complex. Beginning in the 1940s, internal conflicts caused massive displacements of the rural population. Between 1985 and 2011, more than 5.4 million persons were internally displaced (CODHES, 2012). Most of the displaced are concentrated in areas bordering Ecuador and Venezuela, as well as in parts of the Pacific Coast. The vast majority of these people relocated to urban areas; this partly led to the creation of massive informal urban settlements, which lack property security and basic infrastructure. The move to these urban areas marked not only a flight from the violence but a shift away from agricultural activities. As a result, Colombia today has a largely urban population, with 77% of the total population living in cities in 2017, a rise from the 68% recorded at the beginning of the 1990s (DANE, 2013; CIA World Fact Book 2017). The majority of the population is concentrated in the Andean highlands and valleys, followed by the Caribbean lowlands.

2016 presented great change for the country on another level, with the government signing a peace deal with the Fuerzas Armadas Revolucionarias de Colombia (FARC) insurgent group in November 2016; ending more than 50 years of civil war that has plagued the country. Despite this milestone however, a number of international organisations continue to warn that violence and war continues in the country despite the peace deal, with significant threats posed by paramilitary groups.

GENERAL INFORMATION	
Capital city	Bogota
Government type	Presidential Republic
Chief of State & Head of Government	President Juan Manuel SantosCalderon (since 7 August 2010); the president is both Chief of State and Head of Government
Population	47,220,856 (July 2016 est.)
Life expectancy	75.7 years
Literacy	94.7%
Ethnic groups	Mestizo and white 84.2%, Afro-Colombian (includes mulatto, Rizal, and Palenquero) 10.4%, Amerindian 3.4%, Romani <.01, unspecified 2.1% (2005 est.)
Religions	Catholic 79%, Protestant 14% (includes Pentecostal 6%, mainline Protestant 2%, other 6%), other 2%, unspecified 5% (2014 est.)
Languages	Spanish (official)
Legal System	Civil law system influenced by the Spanish and French civil codes
International Law Organisation Participation	Has not submitted an ICJ jurisdiction declaration; accepts ICCt jurisdiction
HDI (2015)	Score = 0727; equates to 95th ranking out of 188 countries and territories monitored globally; Positions the country in the ***high human development*** category

Sources: CIA World Fact book; United Nations Development Programme (UNDP).

From an economic perspective, notwithstanding the associated benefits accrued at the height of the commodities boom, the reality is that the wealth of the Colombian economy remains inextricably linked to that of the hydrocarbons sector, that of crude oil in particular. Accordingly, in sharp contrast to the economic upswing seen in recent years, economic output slowed to its lowest level since 2009 in 2016, underpinned predominantly by global oil price developments. Diversification of the economy is imperative.

2. Economic Overview

Political stability, a growing middle class, the signing of the peace accord between the government and the Revolutionary Armed Forces of Colombia (FARC) guerrillas in November 2016, and a vastly improved safety and security environment have supported an optimistic outlook and moderate economic growth in recent years in Colombia. However, the downturn in commodity prices in recent years, in conjunction with adverse weather conditions, and labour strikes slowed economic output in 2016. Gross Domestic Product (GDP) growth slowed to close-on 2% in 2016 and foreign direct investment (FDI) is estimated to have decreased slightly to $11.6bn. Over half of Colombia's global exports are petroleum products and lower oil prices are expected to continue taking a toll on the country's economy in 2017.

While known to be a hydrocarbons-based economy, Colombia is also home to a number of agricultural commodities, the most famous of which is its coffee industry. Still, it is the hydrocarbons sector, both oil and gas, which has underpinned the country's economic rebound in recent decades, specifically the initial expansion of the oil sector in the 1980s and most recently, the doubling of oil production over the period 2007 – 2015 to 1,005,000 barrels per day (bpd), making the country Latin America's fourth largest oil producer. Export earnings and international reserve levels soared as a result, surging on the back of higher oil prices *and* rising oil production. The sector's dominance in the economy continued as a result, with oil production and its supporting activities accounting for more than 50% of the country's gross domestic product (GDP) and some 65% of total export earnings in recent years. Colombia is also one of the leading producers of coal in South America, with coal production totalling around 86 million tonnes in 2015, marginally lower than the 88.6 million tonnes produced in 2014, according to *BP's Statistical Review of World Energy 2016.* The economy flourished as a result, averaging an annual growth rate of 4.4% over the period 2000 – 2014.

Given this dependence on the hydrocarbons and commodity sector, developments in global commodity prices/markets in recent years have had a damning effect on the economy; that of the hydrocarbons sector in particular. This stands to reason give oil price developments (Brent crude), which had fallen to below $50 per barrel by early 2015 from an all-time high of $145.61/barrel in July 2008, and an average spot price of $111.26/barrel in 2011. Oil prices remained low and erratic throughout 2015, with Brent crude falling to a low of $27.10/barrel by early 2016; the lowest level since November 2003. Finding some support in the Organisation of Petroleum Exporting Countries (OPEC) members' decision to reduce output in 2016, Brent crude oil recovered to $56.82/barrel in late 2016. WTI crude oil was trading at $51.36/barrel on 19 October 2017, and Brent crude at $57.21/barrel.

Given these developments, Colombia faced one of the largest terms-of-trade shocks in the region and one of the largest in its history in 2016, with the World Bank estimating this at approximately 4% of GDP. Recognising challenges posed to the economy in a world of sub-$50 oil and the vulnerabilities associated with an oil dependent economy, encouragingly the Santos-led government has proactively implemented a number of macroeconomic and structural reforms in recent years. In addition, it has largely been due to these that the economy has been resilient to the major economic oil price shock. These included amongst others a marked structural reform of the country's tax system and the institution of the Fiscal Rule in 2012, which at the highest level is an undertaking by the Colombian government to keep the budget deficit within certain levels: 3.9% of GDP in 2016, 3.3% in 2017 to gradually limit it to 1% in 2022.

While concerns have been raised that the Government will be unable to meet these targets and/or as a result relax the fiscal rule, Bogota strongly denies this and has reiterated its commitment to this rule. To this end, President Santos has indicated that despite revenues generated by the oil industry having dwindled to zero, government will continue to comply with the Fiscal Rule; and in order to do so, will continue to cut expenditure and look for other sources of income, due to the underlying assumption that oil revenues are not expected to recover. Recent data releases support this, with expenditure cuts and a tightening of monetary policy in late 2016 keeping the budget deficit to 3.9% and inflation below 6% in late 2016, while the central bank, Banco de la República, implementing a cycle of monetary policy easing in December 2016, cutting its key interest rate to 7.5%.

Another key development, which is fundamental in fostering economic diversification and inclusion and hence ultimately broadening the country's economic base, is the implementation of the country's $70 billion infrastructure programme. At the highest level, the $70bn plan to 2035 will improve regional and international connectivity, foster regional development and promote foreign trade by reducing transport times. Specifically this $30bn project, known as the country's Fourth Generation (4G) road infrastructure programme and the largest of its kind in Latin America, involves 47 projects spanning 8,000 kilometres of roadway and 3,500 kilometres of four-lane highways as well as expansion of ports and railways, all of which are to be completed by the end of the decade. Other major investments aim to reduce the housing shortage by 50% over the next three years.

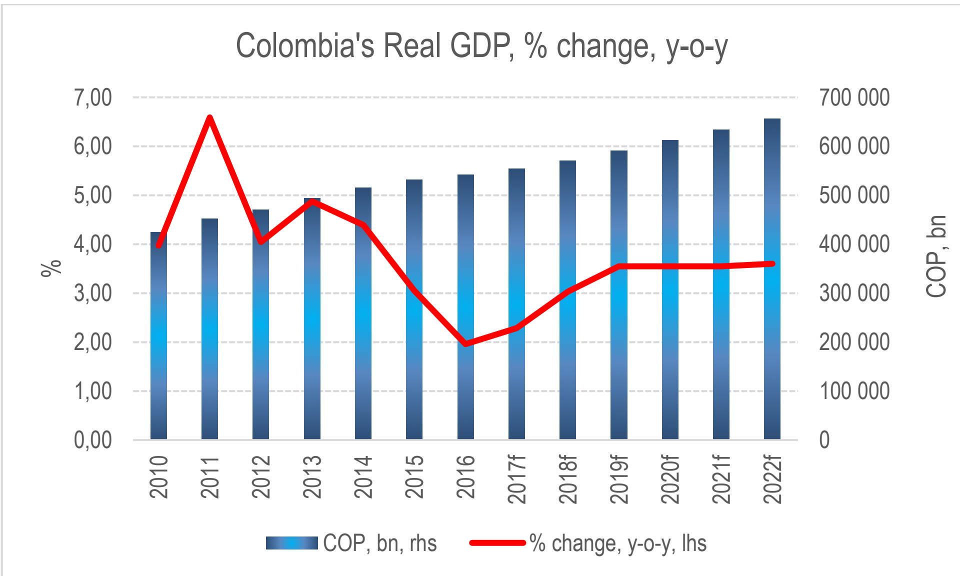
ECONOMIC INFORMATION - COLOMBIA	
GDP (PPP) (2016)	USD688.818bn
GDP growth (2016)	1.960%
GDP per capita (2016)	USD5,792.182
Inflation (June 2017; y-o-y)	3.99%
Inflation (avg. 2016; y-o-y)	7.513
Inflation (Dec 2016; y-o-y)	5.747
Benchmark Interest Rate (12July 2017)	5.75%
Total Exports (2016)	USD30.984bn
Total Imports (2016)	USD44.889bn
Current Account Balance (USDbn; 2016)	USD-12.541bn
Current Account (% of GDP; 2016)	-4.442%
Foreign Exchange Reserves (June 2017; USDm)	USD47,240.74m
Unemployment rate (2016)	9.20%
Doing Business in 2017 (Ranking out of 190)	53
World Bank Income Group	Upper Middle Income
FDI Inward 2003-2016	USD75.55bn
FDI Outward 2003-2016	USD8.40bn

Sources: Banco de la Republica Colombia; National Department Administrative Statistics (DANE); CIA World Factbook; Doing Business 2017; FDI Markets; IMF WEO April 2017.

Despite its scale, however, 4G is only one front of an even larger ($70bn) overall infrastructure plan that Colombia is now undertaking. Aware that infrastructure is key to boosting competitiveness and critical in seizing the country's full growth potential, President Juan Manuel Santos first lit the infrastructure torch with a $55bn, 10-year plan in 2011. It sought to double the length of Colombia's four-lane highway network, improve airports (including El Dorado, in Bogotá), upgrade railways and expand ports. He established a national infrastructure agency to oversee it and strengthened the representation of the infrastructure sector within the president's office. In 2013, his government unveiled the 4G concession plan, which more specifically targeted road development, and in 2015, President Santos' administration announced its intermodal transportation master plan 2015-2030, calling for annual investment of $10.4bn.

Based on the assumption of improving external conditions and that benchmark crude prices will average higher, the near-term growth outlook is favourable, albeit exposed to risks. Still, the expectation is that investment will resume, including 4G related projects (which have come under pressure in recent years) and pick up; that the current account will narrow further on a combination of rising oil *and* non-oil export earnings together with lower imports on the back of subdued private consumption; and that inflation will continue on its downward trend. Regarding non-oil exports, coal production and hence exports hereof are expected to remain strong in 2017, building on the record-high 87.2 million tonnes produced in 2016. Upside risks to this outlook include further declines in oil prices that could cut fiscal revenues and fuel currency depreciation and inflation; political uncertainty, both domestic and global; and a weaker than expected performance by non-traditional exports. Finding new engines of economic growth is critical.

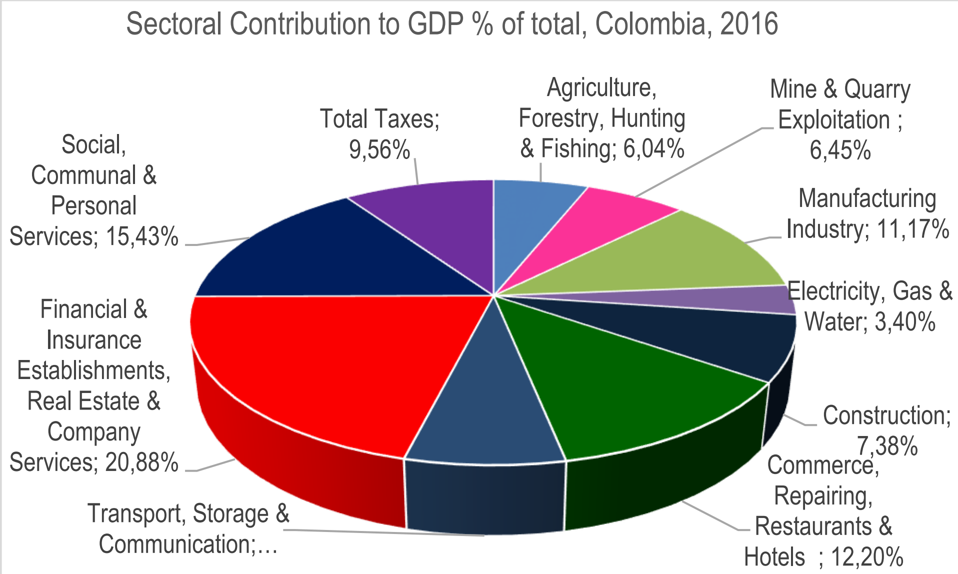
Colombia's medium-term outlook is favourable, and will depend more on productivity growth and diversification of growth drivers. Based on the assumption that the country's 4G programme is successfully implemented – including the strengthening of the infrastructure and education and the streamlining of regulation which in turn will reduce important infrastructure gaps and improve productivity – this stands to boost actual and potential growth. In addition, were oil and gas prices to rebound significantly, interest in Colombia's offshore oil and gas potential is likely to be piqued; with offshore basins/reserves touted to be the source of future growth. Further, the peace agreement stands to improve regional development and foster social inclusion.



Source: International Monetary Fund, World Economic Outlook April 2017; (constant prices)

2.1 Economic Structure

In terms of economic structure, while the hydrocarbons sector has played an increasingly dominant role in the Colombian economy is recent years, the services sector accounts for the lion's share of economic output. Specifically, in 2016 the agricultural sector accounted for 6.8% of the country's gross domestic product (GDP), the industrial sector 34%, with the services sector accounting for the balance of 59.2%. The services sector is also key in terms of employment, accounting for some 62% of labour employed, followed by industry at 21% and the agricultural sector, at an estimated 17%[1].



Source: National Administrative Department of Statistics (DANE), 2017

Agricultural Sector

The agricultural sector has traditionally been of key importance to the Colombian economy, given its contribution to GDP, employment and exports. While the share of primary agriculture in GDP declined from 16.5% in 1990 to 6.8% in 2015, it remains a key sector in terms of employment, although this too has decreased from a 26% share in 1990 to 17% in 2015.

Annual growth rates of the value of agricultural production have fluctuated significantly over the last two decades, with a relatively low growth rate of 1.6% since 1990. Most recently, Colombia's agricultural output grew by 0.5% in 2016, below the country's total annual economic growth rate of 1.96%. Agricultural exports accounted for 19.4% of total exports in 2015, and were dominated by traditional products such as coffee, cut flowers and buds, bananas (including plantains) and cane or sugar beet. Colombia also has many natural resources, such as coal, oil, natural gas, iron ore, nickel and gold.

The agricultural sector has suffered from poor policy choices and faces deep structural challenges. While it currently represents a key priority sector for the government, the institutional framework for agricultural policy has important weaknesses. Low productivity undermines the sector's competitiveness, largely driven by infrastructure deficiencies, unequal access to land and land use conflicts, as well as weak supply chains. Colombia's aim to boost its agricultural sector is closely linked to land tenure system and reparations to conflict victims in rural areas. Innovation is vital for the competitiveness of the sector. While the government fully acknowledges its importance, the Colombian agricultural innovation system faces market imperfections, resulting in low private investment, under-supply of knowledge adapted to demand, and governance and capacity failures. These constraints limit adoption at farm level.

Still, progress continues to be made, with the Colombian government launching the programme "Colombia Siembra" in October 2015 to encourage the production of food staples. Colombia Siembra involves an investment

[1] According to 2011 estimates. Source: CIA World Factbook.

of $500m through 2018 and aims to boost agricultural growth by 6.2%. Colombia Siembra will address productivity and competitiveness of this sector by investing in machinery, irrigation, and technology.

Further, the ratification of the peace accord in October 2016 between the government and the FARC guerrillas stands to be a game changer for the agricultural sector, with it possibly set to one of the biggest beneficiaries since rural development has been identified as one of the government's priority sectors in the post-accord era.

Industrial Sector

Colombia's manufacturing and industrial sector remains a key national priority, not only for its capacity to create employment, but also for its significant impact on regional development. Industry represents 34% of the GDP and employs 19.6% of the workforce. Colombia's main industries are textile, chemical products, metallurgy, cement, cardboard containers, plastic resins and beverages.

The multitude of trade agreements that the country is privy too, with Colombia a signatory to 15 free trade agreements is a further boon for the sector with the country today a production, distribution and export hub for many international markets. However, manufacturers face a challenging domestic environment due to fiscal reforms, which are likely to reduce consumer expenditure in 2017. Still, the devaluation of the peso has made the country's exports more attractive abroad – an opportunity that local manufacturers are looking to capitalise on to solidify their position in foreign markets.

Given the number of FTAs the country has signed, Colombian industrialists also face greater competition, the impact of which will vary between segments. Improving competitiveness and productivity is crucial for industrial activities to compete internationally.

Industrial priorities identified by the Colombian government include the:

- Automotive sector;
- Cosmetic and toiletries ;
- Building materials
- Metal workings;
- Fashion ; and
- Plastic packaging.

Services Sector

"The services sector in Colombia accounts for 57.5% of the national GDP, and that's why it offers a great growth potential and becomes one of the major commercial guarantees for the country. Currently, initiatives are being carried out to explore new opportunities and markets, improving the sector policy and extending the national offer."

Source: Invest in Colombia

The services sector remains the country's key driver of economic growth, with this underpinned by the dynamism of the financial, commercial and construction services, which have partially offset the fall in the extractive sector in recent years. While the country's service sector is largely driven by its financial services, a key objective is to develop excellent industry sectors such as Software and IT Services, Business Process Outsourcing, Energy, and related Goods and Services, under the guidance of the country's Productive Transformation Program, an initiative led by the Colombian government.

The country has a wide network of companies involved in financial services, which includes large credit institutions (banks), investment companies, brokers, leasing companies, insurance and trust companies, and pension funds. Further, the country is also a hub for IT and software services as well as outsourcing services.

The importance of this sector has increased in recent years.

Service sector priorities identified by the Colombian government include:

- Software and IT Services;
- Outsourcing of Services BPO;
- Opportunities for Private Equity Funds;
- Hotel Infrastructure and Tourism;
- Shared Services Centres;
- Oil & Gas Goods and Services sector; and
- Investment in Energy.

2.2 Major Companies in Colombia

The major Colombian companies as listed in the *Forbes 2000 2017 Report* are tabled below:

FORBES 2017, LARGEST GLOBAL PUBLICALLY LISTED COMPANIES, 2017						
RANK	COMPANY	SECTOR	SALES ($bn)	PROFITS ($m)	ASSETS ($bn)	MARKET VALUE ($bn)
559	EcoPetrol	Oil & Gas	15.6	513	40.4	19.7
693	Grupo Aval	Financial Services	8.5	701	74.7	9.2
724	Bancolombia	Financial Services	6.7	99	65.4	8.9
1374	Banco Davivienda	Financial Services	3.3	563	31.2	4.8
1546	Groupo Bolivar	Insurance	3.8	94	33.7	1.4
1712	Interconexion Electrica	Electric Utilities	4.0	700	12.8	4.5

Source: Forbes 2000 List, 2017. Accessed 13 July 2017. https://www.forbes.com/global2000/list/#header:country

The top 10 companies listed on the Colombian stock exchange as at the end of 2016 were as follows:

TOP 10 COMPANIES ON COLOMBIAN STOCK EXCHANGE, 2016				
RANK	COMPANY	SECTOR	REVENUES ($bn)	EMPLOYEES
1	EcoPetrol	Oil & Gas	35.6	6,744
2	Bancolombia	Financial Services	4.6	16,715
3	Grupo Aval	Financial Services	.8	48,609
4	Grupo Inversiones Suramericana	Financial Services	1.1	50,000
5	Almacenes Exito S.A.	Retail	1.2	62,796
6	Inversiones Argos S.A.	Conglomerate	3.3	8,846
7	Banco de Bogota S.A.	Financial Services	2.3	9,926
8	Empresa de Energia de Bogota S.A. E.S.P.	Electricity Utilities	0.783	401
9	Grupo Nutresa S.A	Food Processing	2.4	21,377
10	Pacific Rubiales Energy Corp	Oil & Gas	1.6	1,285

Source: Latin American Trade & Investment Association (LATIA), 2017. Accessed 13 July 2017. http://latia.org/2017/05/01/top-10-companies-in-colombia/

2.3 Doing Business in Colombia

Colombia is currently ranked 53rd overall in the World Bank Group's *Doing Business Report 2017*, moving down two places from 2016 (51st).Colombia ranked 2nd out of the 32 Latin America and Caribbean ranked in the said report, second only to Mexico which placed at 47, and followed closely by Peru in 54th position.

Colombia's relative strengths in terms of ease of doing business include getting credit, with Colombia the second easiest country globally in which to access credit, and protecting investors at 13th place. Other categories in which the country fares relatively well is in dealing with construction permits, with the country ranking 34th globally in this category, and resolving insolvency (33rd). Conversely, the country fared less favourably in terms of enforcing contracts with the country ranking174th out of 190 countries monitored, paying taxes (139th), and trading across borders (121st). Indicators ranked by the report are tabled below:

COLOMBIA EASE OF DOING BUSINESS, 2017	
SELECTED INDICATORS	**RANKING OUT OF 190 COUNTRIES, 2017**
Starting a Business	61
Dealing with Construction Permits	34
Getting Electricity	74
Registering Property	53
Getting Credit	2
Protecting Investors	13
Paying Taxes	139
Trading Across Borders	121
Enforcing Contracts	174
Resolving Insolvency	33
Doing Business 2017	**53**

Source: World Bank Group's Doing Business 2017 Report

Colombia ranked 61st out of 138 economies monitored globally in the World Economic Forum's 2016/17 Global Competitiveness Index, a report which assesses the competitiveness landscape of economies globally, while providing unique insight into the drivers of their productivity and prosperity.

Key Government and Corporate Stakeholders are tabled below:

Key Colombian Government Ministries & Departments Websites pertaining to Trade Regulations, Customs & Standards	
Government of Colombia (Presidencia de la República de Colombia)	www.es.presidencia.gov.co
Ministry of Foreign Trade	www.mincomercio.gov.co
Ministry Of Finance And Public Credit	www.isa.co/
Superintendence of Industry and Commerce (SIC)	www.sic.gov.co
National Directorate of Taxes and Customs (DIAN)	www.dian.gov.co
Colombian Institute of Technical Standards and Certification (ICONTEC)	www.icontec.org.co
Corporation Centre for Technological Research and Development (CIDET):	http://www.cidet.com.co/
Colombian Agricultural Institute (ICA)	www.ica.gov.co
Tourism, Foreign Investment and Exports promotion (ProColombia)	www.procolombia.co
National Statistical Office	www.dane.gov.co
Central Bank	www.banrep.gov.co
Bogota Stock Exchange	www.bvc.com.co

2.4 Colombia's Sovereign Credit & Risk Ratings

"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and also include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating".

Source: Investopedia

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of the these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing.

Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e. defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

In terms of Colombia's sovereign credit rating, all three of said credit rating agencies have differing opinions as to Colombia's sovereign credit risk. The most positive of the three is Fitch Ratings, who in March this year affirmed Colombia's sovereign rating at BBB, but upgraded its rating outlook from negative to stable. This returned the nation to the position it was at the beginning of 2016 before Moody's and S&P changed their outlooks on Columbia to negative.

In its analysis, Fitch highlighted the country's improving macroeconomic imbalances, current account deficit reduction, falling inflation rate, and "diminished uncertainties surrounding Colombia's fiscal consolidation path due to passage of tax reform measures in December 2016."

The tax reform was the largest push last year by the administration of President Juan Manuel Santos to improve the country's fiscal standing. Finance Minister Mauricio Cárdenas noted that retaining Colombia's investment-grade rating for the long-term was a top priority, making Fitch's recent outlook upgrade the course change that officials in Bogotá had been seeking. In turn, S&P in its most recent assessment of the country in January 2017 affirmed the country's BBB rating, at two notches above junk, but left its outlook unchanged at negative. Most recently, on 29 June 2017 Moody's affirmed the country's long-term credit rating at Baa2 with a stable outlook, unchanged from its previous rating.

The said current sovereign credit ratings are summarised below.

COLOMBIA SOVEREIGN CREDIT RATINGS, OCTOBER 2017			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	**BBB**	**Baa2**	**BBB**
OUTLOOK	Negative	Stable	Stable
DATE OF LAST *CHANGE*	16 February 2016	26 May 2016	10 March 2017
ACTION	Rating outlook downgraded to Negative	Rating outlook downgraded to Negative	Rating outlook upgraded to Stable
Sources: Standard & Poor's; Moody's Investors Services; & Fitch Ratings			

A number of alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company, which offers these services, is Belgium's Credendo (previously Delcredereducroire), the country's official export credit agency and public credit insurer.

The table below shows Credendo's current risk assessment of Colombia in terms of export transactions and direct investments. Ratings are between one and seven, and between A and C, with seven and C being the maximum risk indicators.

- In terms of political risk associated with export transactions in Colombia, these are deemed low in the short, medium and long-term.
- Commercial risk in turn is considered mid-way between low and high levels of risk.
- Regarding direct investments, risks associated with all of the categories are considered medium as indicated by scores awarded below.

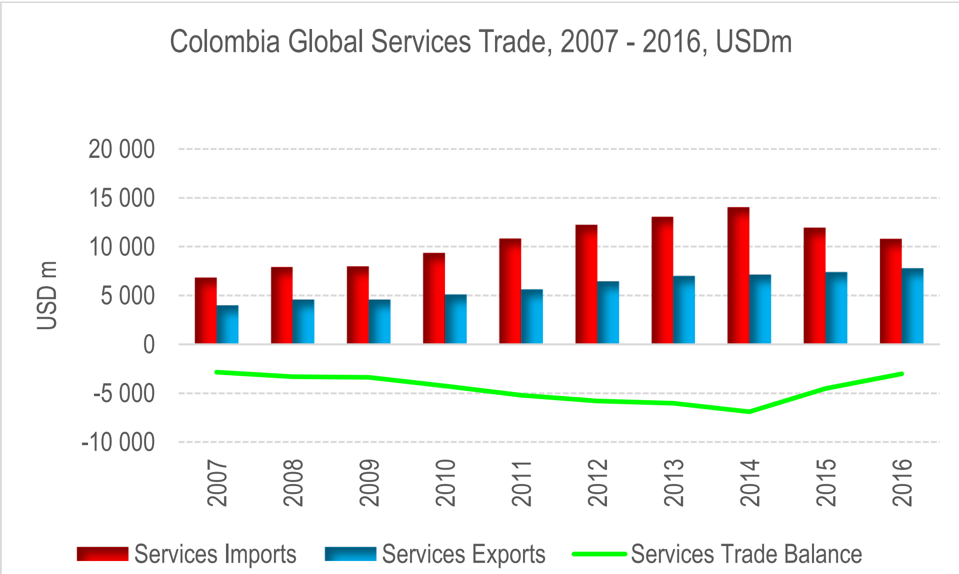
COLOMBIA'S RISK ASSESSMENT – CREDENDO – OCTOBER 2017		
EXPORT TRANSACTIONS (Scale 1 – 7)*		
Political Risks	Short Term	2
	Medium-Long term	4
	Special Transactions	3
	Premium Classification OECD	4
Commercial Risk	B	
DIRECT INVESTMENTS		
Political Violence Risk	4	
Expropriation Risk	3	
Currency Inconvertibility and Transfer Risk	4	
* Where 1 is associated with the least risk and 7 the most.		
** Where B is associated with mid risk; A is low risk and C is high risk.		

Source: Credendo, 2017

3. Trade

3.1 Trade in Services

In spite of challenging global economic conditions, Colombia's trade in services (TIS) has remained relatively buoyant in recent years, on the services import front in particular. This can be ascribed predominantly to the travel services imports category, which reached record-highs in 2014, but have since tapered gently. While transport services imports grew substantially over the period 2010 – 2014, these have also receded in recent years. In turn, albeit at a slower rate, services exports edged consistently higher throughout the period analysed, from a value of $3,975m in 2007 to a high point of $7,795.8m by 2016, with the largest share hereof ascribed to travel services exports. Still, the country's ***services trade balance*** remained firmly in deficit throughout the period analysed as a result, from a shortfall of $2,849m in 2007, to a substantial deficit of $6,903m in 2014, narrowing back down to a deficit value of $3,020m by 2016.



Source: TradeMap, 2017

Key Trade Services

In terms of key trade ***service exports***, the travel services category dominated in 2016, at a value of USD4,694m, equivalent to 60.21% of total services export receipts earned in the year. Transport services exports came second at a value of USD1,565.7m (20.8% of total services export receipts), followed by other business services exports at USD871m (11.18%). Combined, these three categories accounted for 91.47% of total service export receipts earned in 2016.

Colombia's fastest growing ***service export categories*** over the five-year period leading up to and including 2016 were the Insurance and pension services (142.36%), personal, cultural, and recreational services (21.43%), and other business services (13.50%).

Turning to key ***trade service imports***, import costs associated with travel services imports dominated in 2016 at a value of USD4,209m, equivalent to 38.92% of total service import costs in the year. The transport services category followed with related service import costs totalling USD2,560m (23.67%) in 2016, with the other business services category in third place at a value of USD1,550m (14.33%). Combined, these three categories accounted for 76.92% of total service import costs incurred in 2016.

Colombia's fastest growing ***service import categories*** over the five-year period leading up to and including 2016 were the government goods and services n.i.e services category (13.59%) albeit from a very low base; travel services (7.36%); and personal, cultural, and recreational services (6.35%).

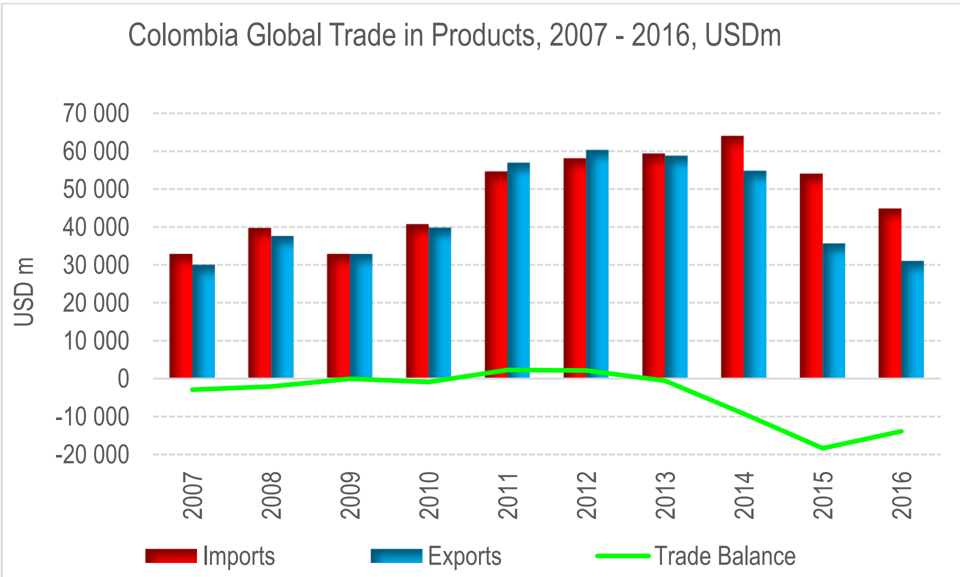
TOP 10 SERVICES EXPORTED BY COLOMBIA, 2016				TOP 10 SERVICES IMPORTED BY COLOMBIA, 2016			
CODE	SERVICE	VALUE 2016 (USDm)	% GROWTH (avg.; USD terms) 2012-2016	CODE	SERVICE	VALUE 2016 (USDm)	% GROWTH (avg.; USD terms) 2012-2016
4	Travel	4 694,07	9,36%	4	Travel	4 209,18	7,36%
3	Transport	1 565,70	1,49%	3	Transport	2 560,17	-3,15%
10	Other business services	871,18	13,50%	10	Other business services	1 550,21	-5,22%
9	Telecommunications, computer, and information services	324,59	2,90%	9	Telecommunications, computer, and information services	704,06	11,55%
11	Personal, cultural, and recreational services	128,49	21,43%	6	Insurance and pension services	583,89	-3,21%
12	Government goods and services n.i.e.	95,05	2,10%	7	Financial services	512,93	-3,94%
8	Charges for the use of intellectual property n.i.e.	57,51	2,74%	8	Charges for the use of intellectual property n.i.e.	429,16	1,00%
7	Financial services	47,30	-8,21%	12	Government goods and services n.i.e.	157,34	13,59%
2	Maintenance and repair services n.i.e.	7,92	-18,68%	11	Personal, cultural, and recreational services	95,09	6,35%
6	Insurance and pension services	3,76	142,36%	2	Maintenance and repair services n.i.e.	12,37	2,92%
TOTAL SERVICES EXPORTS		7 795,58	6,79%	**TOTAL SERVICES IMPORTS**		10 815,89	0,53%

Source: TradeMap, 2017

3.2 Colombia's Global Trade in Products

Unable to escape the associated costs of slowing economic growth worldwide and the concomitant downturn in global commodity prices – that of crude oil in particular – Colombia's trade flows have slowed in recent years, both on the import and export fronts. Notwithstanding the modest trade surplus recorded over the period 2010 – 2013, trade flows in recent years have been skewed to the import side, with the country consistently recording a trade deficit – albeit of varying degrees – from 2014 onwards. To this end, from a value of USD32,897m in 2007, import costs surged to a record-high USD64,027m in 2014, before falling back down to a value of USD44,889m by 2016. The increase in import costs in 2014 was attributed to increases in a number of various import categories, all of which were reflective of an expanding local economy, with economic growth averaging 4.78% over the period 2010 – 2014. While to a lesser degree, export earnings followed a reasonably similar trend to that of import costs albeit slightly ahead, with export earnings reaching a record-high of USD60,274m in 2012, before easing back down to USD30,984m by 2016.

The country's global trade balance moved from a modest trade deficit over the period 2007 – 2010, into a marginal surplus in 2011 and 2012, before plunging back down in to deficit territory thereafter, to a significant shortfall of $18,367m in 2015, recovering marginally to a deficit of $13,905m in 2016.



Source: TradeMap, 2017

Key Trade Markets

In terms of key trade markets, particularly ***export markets***, the US was the leading destination market for Colombia's exports in 2016, with the country the recipient of USD10,119m worth of Colombian exports last year. Panama and the Netherlands were the second and third largest consumers of Colombian products in 2016, importing said products to the value of USD1,912m and USD1,206m, respectively.

The fastest growing markets for Colombian exports over the five-year period leading up to and including 2016 were Turkey (7.53%) albeit from an exceptionally low base; Mexico (6.04%) also off a relatively low base; and China (4.35%).

TOP 10 DESTINATION COUNTRIES FOR COLOMBIA'S EXPORTS, 2016			
RANK	COUNTRY	VALUE 2016 (USDm)	% GROWTH (avg.; USD terms) 2012-2016
1	United States of America	10 119,84	-13,42%
2	Panama	1 912,69	3,57%
3	Netherlands	1 206,37	-13,11%
4	Ecuador	1 199,72	-8,27%
5	Spain	1 159,80	0,80%
6	China	1 107,27	4,35%
7	Peru	1 052,10	-4,94%
8	Brazil	994,85	-4,72%
9	Mexico	936,88	6,04%
10	Turkey	761,33	7,53%
TOTAL EXPORTS		**30 984,39**	**-10,30%**

Source: TradeMap, 2017

In turn, the US was also the leading source market for Colombia's ***imports*** in 2016, with imports from this country valued at USD11,946m last year. China and Mexico were the second and third largest source markets, with values totalling USD8,631m and USD3,410m, respectively. The fastest growing source markets for Colombia's imports over the five-year period leading up to and including 2016 were Spain at 9.19%, China (2.04%), and India (0.62%).

TOP 10 SOURCE MARKETS FOR COLOMBIA'S IMPORTS, 2016			
RANK	COUNTRY	VALUE 2016 (USDm)	% GROWTH (avg.; USD terms) 2012-2016
1	United States of America	11 946,83	-1,44%
2	China	8 631,42	2,04%
3	Mexico	3 410,74	-10,22%
4	Brazil	2 117,35	-4,80%
5	Germany	1 707,68	-4,15%
6	Japan	1 115,63	-4,21%
7	India	945,90	0,62%
8	Spain	918,49	9,19%
9	Korea, Republic of	888,90	-5,06%
10	France	828,75	-7,28%
TOTAL IMPORTS		**44 889,37**	**-3,25%**

Source: TradeMap, 2017

Key Trade Products

In terms of key trade products, the Petroleum oils and oils obtained from bituminous minerals, crude category was Colombia's ***dominant export category*** in 2016 at a value of USD8,091m, equivalent to 25.82% of export receipts earned in 2016. The coal; briquettes, ovoids and similar solid fuels manufactured from coal category was the second largest export category at a value of USD4,392m (14.18% of total export earnings), while the coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes sector was third at a value of USD2,462m (7.95%).

Colombia's fastest growing export products over the five-year period leading up to and including 2016 were the motor cars and other motor vehicles principally designed for the transport of persons sector (57.16%); insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth (15.90%); and bananas, incl. plantains, fresh or dried (2.64%).

In turn, the petroleum oils and oils obtained from bituminous minerals, crude category was also the ***leading import category*** into Colombia in 2016 at a value of USD3,713m, equivalent to 8.27% of import costs in 2016. The motor cars and other motor vehicles principally designed for the transport of persons, category was the second largest import category at a cost of USD2,067m (4.61% of total import costs), while the telephone sets, incl. telephones for cellular networks or for other wireless networks; other category was third at a value of USD1,776m (3.96%).

Colombia's fastest growing import products over the five-year period leading up to and including 2016 were the medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...category (6.31%); petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations containing (3.98%); and human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera (3.63%).

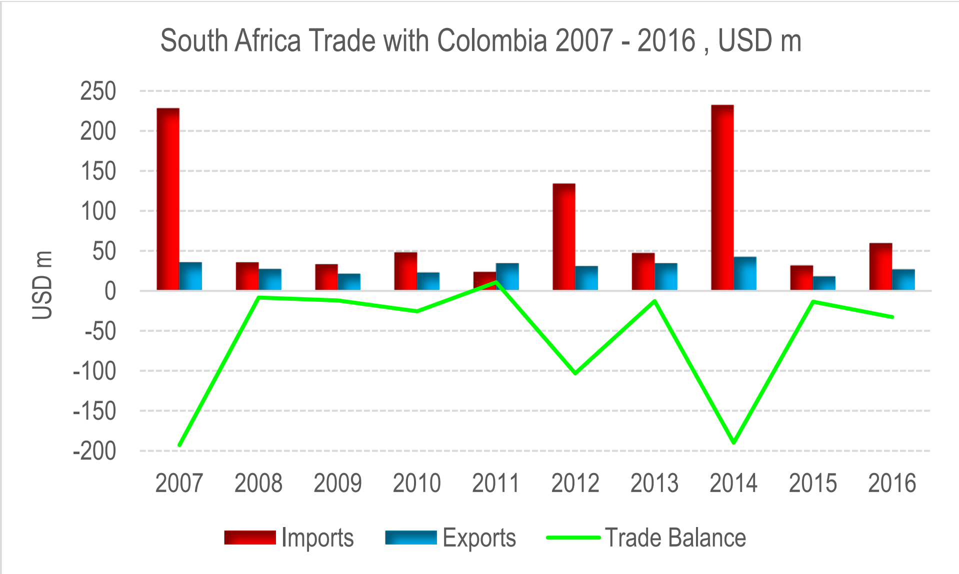
TOP 10 PRODUCTS EXPORTED COLOMBIA, 2016				TOP 10 PRODUCTS IMPORTED BY COLOMBIA, 2016			
RANK	PRODUCT (HS 4)	VALUE 2016 (USDm)	% GROWTH (avg.; USD terms) 2012-2016	RANK	PRODUCT (HS 4)	VALUE 2016 (USDm)	% GROWTH (avg.; USD terms) 2012-2016
1	Petroleum oils and oils obtained from bituminous minerals, crude	8 000,91	-15,04%	1	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations containing ...	3 713,68	3,98%
2	Coal; briquettes, ovoids and similar solid fuels manufactured from coal	4 392,67	-9,85%	2	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	2 067,19	-5,09%
3	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes ...	2 462,53	0,15%	3	Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...	1 776,72	2,54%
4	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations containing ...	2 005,47	-7,48%	4	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	1 348,45	6,31%
5	Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured ...	1 519,88	-6,57%	5	Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...	1 065,54	-2,57%
6	Cut flowers and flower buds of a kind suitable for bouquets	1 312,26	1,02%	6	Maize or corn	871,45	-1,01%

	or for ornamental purposes, fresh, ...						
7	Bananas, incl. plantains, fresh or dried	914,94	2,64%	7	Powered aircraft "e.g. helicopters and aeroplanes"; spacecraft, incl. satellites, and suborbital ...	710,77	-3,67%
8	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth ...	433,77	15,90%	8	Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera ...	587,27	3,63%
9	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	383,70	1,37%	9	Motor vehicles for the transport of goods, incl. chassis with engine and cab	567,25	-12,39%
10	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	364,26	57,16%	10	Monitors and projectors, not incorporating television reception apparatus; reception apparatus ...	566,93	-1,79%
TOTAL EXPORTS		**30 984,39**	**-10,30%**	**TOTAL IMPORTS**		**44 889,37**	**-3,25%**

Source: TradeMap, 2017

3.3 Trade with South Africa

Trade flows between South Africa and Colombia have traditionally been skewed, with South African imports from Colombia consistently and for the most, significantly outpacing South African exports to Colombia. Accordingly, with the exception of 2010, South Africa consistently recorded a trade deficit with Colombia throughout the period analysed, with the trade shortfall narrowing sharply from a deficit of $192.82m in 2007 to a shortfall of $8.46m in 2008. After reaching a high point – and surplus value – of $10.79m in 2011, the trade balance fluctuated greatly in years that followed, plunging to a shortfall of $189.72m in 2014, recovering a deficit $32.74m by 2016. These fluctuations were mainly driven by sharp and short increases in import costs as opposed to lower export earnings, with the latter having remained relatively steady throughout the period analysed.



Source: TradeMap, 2017

Key Trade Products

South Africa's ***dominant export category*** to Colombia in 2016 was the Flat-rolled products of stainless steel, of a width of >= 600 mm, hot-rolled or cold-rolled category. At a value of USD13.23m, this was equivalent to 49.13% of all exports receipts earned from Colombian trade in the year. The ferro-alloys category placed a distant second at a value of USD0.91m (3.38%), followed by the manganese oxides category at USD0.86m (3.20%).

South Africa's ***fastest growing export product categories*** to Colombia over the five-year period leading up to and including 2016 were Prepared binders for foundry moulds or cores; chemical products and preparations for the chemicals, albeit of a low base (272.72%); cloth, incl. endless bands, grill, netting and fencing, of iron or steel wire, expanded metal (209.64%); and manganese oxides (172.55%).

Petroleum oils and oils obtained from bituminous minerals, crude ***dominated South African imports*** from Colombia in 2016 at a cost of USD36.319m. This was equivalent to 60.87% of all import costs incurred with Colombia in 2016. The ferro-alloys category placed second at a cost of USD7.81m (13.11%) followed by chocolate and other food preparations containing cocoa at a value of USD3.007m (5.04%).

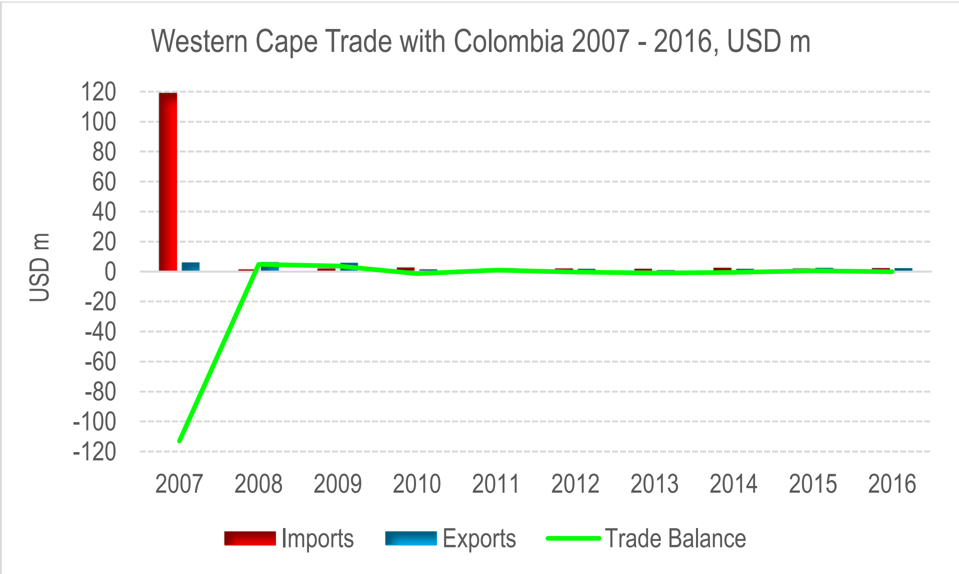
South Africa's ***fastest growing import product categories*** from Colombia over the five-year period leading up to and including 2016 were machinery, not specified or included elsewhere in this chapter, for the industrial preparation, with the proviso that this came of a very low base (267.17%); toilet paper and similar paper, cellulose wadding or webs of cellulose fibres, of a kind (80.55%); and Inorganic or mineral colouring matter, n.e.s.; preparations based on inorganic or mineral colouring (40.82%).

SOUTH AFRICA'S EXPORTS TO COLOMBIA, 2016				SOUTH AFRICA'S IMPORTS FROM COLOMBIA, 2016			
RANK	PRODUCT (HS 4)	VALUE 2016 (USD m)	% GROWTH (avg.) 2012-2016	RANK	PRODUCT (HS 4)	VALUE 2016 (USD m)	% GROWTH (avg.) 2012-2016
1	Flat-rolled products of stainless steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	13,23	23,10%	1	Petroleum oils and oils obtained from bituminous minerals, crude	36,319	n/a
2	Ferro-alloys	0,91	n/a	2	Ferro-alloys	7,819	n/a
3	Manganese oxides	0,86	172,55%	3	Chocolate and other food preparations containing cocoa	3,007	23,90%
4	Prepared binders for foundry moulds or cores; chemical products and preparations for the chemical ...	0,85	272,27%	4	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes ...	2,921	21,03%
5	Chemical wood pulp, dissolving grades	0,82	n/a	5	Coal; briquettes, ovoids and similar solid fuels manufactured from coal	1,676	n/a
6	Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading ...	0,77	-49,89%	6	Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, ...	1,412	n/a
7	Food preparations, n.e.s.	0,71	101,75%	7	Inorganic or mineral colouring matter, n.e.s.; preparations based on inorganic or mineral colouring ...	1,165	40,82%
8	Ketones and quinones, whether or not with other oxygen function, and their halogenated, sulphonated, ...	0,64	-27,29%	8	Toilet paper and similar paper, cellulose wadding or webs of cellulose fibres, of a kind used ...	0,771	80,55%
9	Cloth, incl. endless bands, grill, netting and fencing, of iron or steel wire, expanded metal ...	0,49	209,64%	9	Machinery, not specified or included elsewhere in this chapter, for the industrial preparation ...	0,656	267,17%
10	Tools, interchangeable, for hand tools, whether or not power-operated, or for machine tools ...	0,38	7,33%	10	Machines for assembling electric or electronic lamps, tubes or valves or flashbulbs, in glass ...	0,476	n/a
TOTAL EXPORTS		**26,93**	**3,41%**	**TOTAL IMPORTS**		**59,66**	**159,77%**

Source: TradeMap 2017

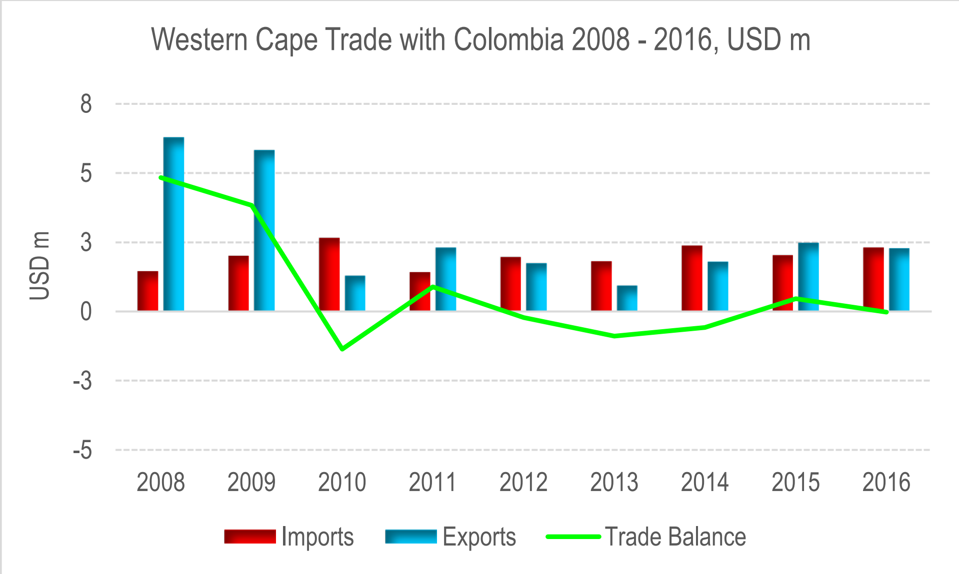
3.4 Western Cape Trade with Colombia

Turning to trade between the Western Cape and Colombia for the period analysed, as evident in the first graph below, trade between the two said regions can be divided into two phases; that which took place in 2007, and that which took place from 2008 onwards. Indeed, in 2007, Western Cape imports from Colombia totalled an unprecedented USD119.12m. To put this into context, post 2007, Western Cape imports from Colombia averaged USD2.005m for the period 2008-2016. This spike in import costs in 2007 was attributed to a number of 'one-off' purchases in the year, which were dominated in particular by the import of $117.989m worth of Petroleum oils and oils obtained from bituminous minerals, crude. Out on interest, this was the only import made for this product throughout the period analysed, and hence, a determining factor in the spike in import costs in that year. Accordingly, our focus shifts to the second period of trade, namely 2008 – 2016, represented in graph two below.



Source: Quantec, 2017

In both 2008 and 2009, export earnings accruing to Western Cape based companies from trade with Colombia outpaced that of import costs. Accordingly, as per the graph below, pre 2010 the Western Cape recorded a trade surplus with Colombia i.e. export receipts outpaced import costs. A sharp decline in export earnings along with a modest increase in import costs in 2010 however swung the said trade surplus marginally into negative territory to a deficit of USD1.36m in that year, from a surplus of USD3.83m recorded in 2009. Although the trade position recovered back into surplus territory in 2011 to a value of USD0.89m on the back of rising exports, this was short lived, with the balance returning to a shortfall in 2012, were it remained until 2014. Rising exports offered a reprieve in 2015, buoying the trade position back into surplus to a value of USD0.457m, before returning to a marginal shortfall of USD0.02m in 2016.



Source: Quantec, 2017

AVERAGE DOLLAR VS RAND EXCHANGE RATES	
YEAR	**AVERAGE ZAR/$**
2006	6,76715
2007	7,054392
2008	8,251717
2009	8,437142
2010	7,322142
2011	7,253067
2012	8,209933
2013	9,650225
2014	10,84439
2015	12,75066
2016	14,710000

Source: South African Reserve Bank (SARB)

Key Trade Products

The Western Cape's ***dominant export product*** to Colombia in 2016 was that of cloth (including endless bands), grill, netting and fencing, of iron or steel wire; expanded metal of iron or steel. At a value of USD493.17m, this was equivalent to 21.57% of all exports receipts earned by the Western Cape from Colombian export trade in the year. Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances, in solid (including powder or paste) form; machinery for agglomerating, shaping or moulding solid miner placed second at a value of USD251.17m (10.99%), followed by the fats and oils and their fractions, of fish or marine mammals, whether or not refined, but not chemically modified.category at USD228.20m (9.98%).

Other colouring matter; preparations as specified in Note 3 to this Chapter, other than those of heading 32.03, 32.04 or 32.05; inorganic products of a kind used as luminophores, whether or not chemically defined category ***dominated products imported from Colombia by the Western Cape*** in 2016 at a cost of USD1.163m. This was equivalent to 50.32% of all import costs incurred by the Western Cape with Colombia in 2016. The coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion category placed second at a cost of USD0.544m (23.52%), followed by the iron oxides and hydroxides; earth colours containing 70 % or more by weight of combined iron evaluated as Fe2O3 category at a value of USD0.249m (10.80%).

The Western Cape's ***fastest growing import product categories*** over the five-year period leading up to and including 2016 were the other plates, sheets, film, foil and strip, of plastics category (54.39%); other colouring matter; preparations as specified in Note 3 to this Chapter, other than those of heading 32.03, 32.04 or 32.05; inorganic products of a kind used as luminophores, whether or not chemically defined. (29.39%); and track suits, ski suits and swimwear, knitted or crocheted. (28.92%).

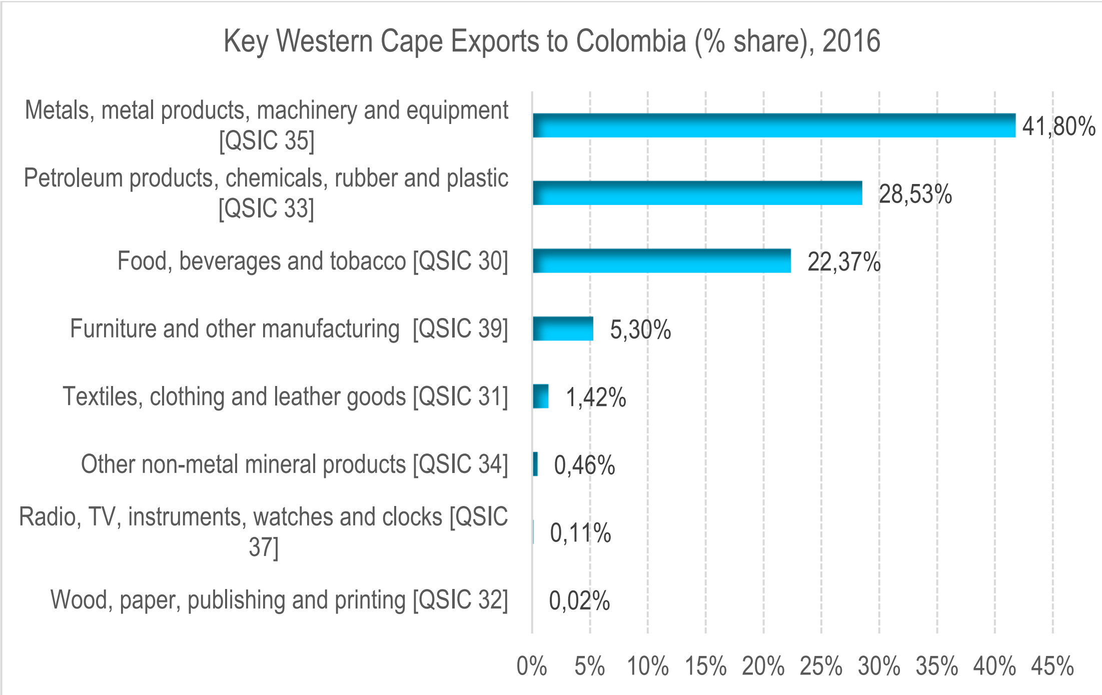
WESTERN CAPE'S EXPORTS TO COLOMBIA, 2016				WESTERN CAPE'S IMPORTS FROM COLOMBIA, 2016			
RANK	PRODUCT (HS4)	VALUE 2016 (USD '000)	% GROWTH (avg.) 2012-2016	RANK	PRODUCT (HS4)	VALUE 2016 (USD '000)	% GROWTH (avg.) 2012-2016
1	Cloth (including endless bands), grill, netting and fencing, of iron or steel wire; expanded metal of iron or steel.	493,17	n/a	1	Other colouring matter; preparations as specified in Note 3 to this Chapter, other than those of heading 32.03, 32.04 or 32.05; inorganic products of a kind used as luminophores, whether or not chemically defined.	1 164,30	29,39%
2	Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances, in solid (including powder or paste) form; machinery for agglomerating, shaping or moulding solid miner	251,17	n/a	2	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion.	544,12	20,91%
3	Fats and oils and their fractions, of fish or marine mammals, whether or not refined, but not chemically modified.	228,20	n/a	3	Iron oxides and hydroxides; earth colours containing 70 % or more by weight of combined iron evaluated as Fe2O3.	249,99	12,86%
4	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and 5similar products, put u6p in forms or pa7ckings for retail sale or as preparations or articles (for example, sulphur-treated	220,22	-0,62%	4	Other plates, sheets, film, foil and strip, of plastics.	168,57	54,39%
5	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit,	206,66	n/a	5	Extracts, essences and concentrates, of coffee, tea or maté and preparations with a basis of these products or with a basis of coffee, tea or maté; roasted chicory and other roasted coffee	58,10	-6,61%

WESTERN CAPE'S EXPORTS TO COLOMBIA, 2016				WESTERN CAPE'S IMPORTS FROM COLOMBIA, 2016			
RANK	PRODUCT (HS4)	VALUE 2016 (USD '000)	% GROWTH (avg.) 2012-2016	RANK	PRODUCT (HS4)	VALUE 2016 (USD '000)	% GROWTH (avg.) 2012-2016
	not elsewhere specified or included.				substitutes, and extracts, essences and concentrates the		
6	Mineral or chemical fertilisers containing two or three of the fertilising elements nitrogen, phosphorus and potassium; other fertilisers; goods of this Chapter in tablets or similar forms or in packages of a gross weight not exceeding 10 kg.	164,04	n/a	6	Track suits, ski suits and swimwear, knitted or crocheted.	35,48	28,92%
7	Ball point pens; felt tipped and other porous-tipped pens and markers; fountain pens, stylograph pens and other pens; duplicating stylos; propelling or sliding pencils; pen-holders, pencil-holders and similar holders; parts (including caps and c	101,72	n/a	7	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear).	28,53	n/a
8	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations.	96,67	n/a	8	Tanned or dressed furskins (including heads, tails, paws and other pieces or cuttings), unassembled, or assembled (without the addition of other materials) other than those of heading 43.03.	13,32	n/a
9	Machinery for working rubber or plastics or for the manufacture of products from these materials, not specified or included elsewhere in this Chapter.	93,52	n/a	9	Other garments, knitted or crocheted.	8,73	n/a
10	Other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials.	80,06	n/a	10	Tarpaulins, awnings and sunblinds; tents; sails for boats, sailboards or landcraft; camping goods.	8,70	n/a
TOTAL EXPORTS		**2 286,24**	**10,45%**	**TOTAL IMPORTS**		**2 313,71**	**12,17%**

Source: Quantec, 2017

Key Trade Trends

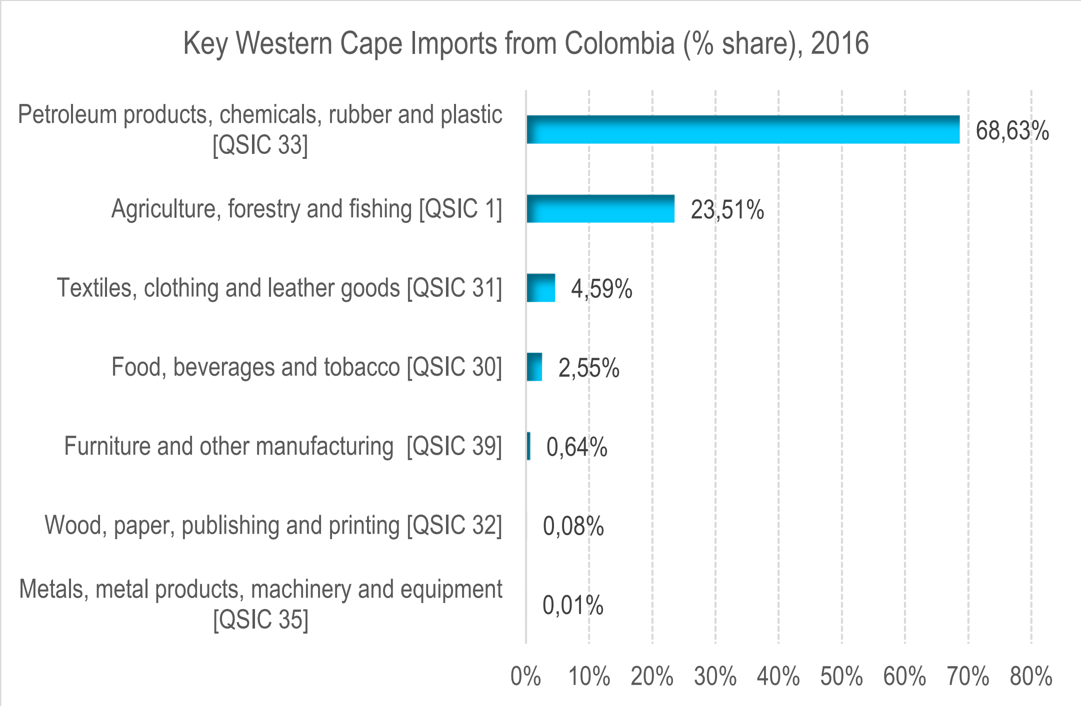
Trade between the Western Cape and Colombia is reasonably diversified, albeit more so from a Western Cape export perspective as opposed to imports from Colombia. The two diagrams below are reflective of this, and provide an overview of key trade flows between the Western Cape and Colombia on a sector level.



Source: Quantec 2017

As indicated in the graph above, the metals, metal products, machinery and equipment sector was the Western Cape's ***top sector*** in terms of ***export receipts*** earned from trade with Colombia in 2016, accounting for 41.80% of export earnings. The petroleum products, chemicals, rubber and plastic sector followed, accounting for 28.53% of total export receipts earned; with the food, beverages and tobacco sector third at 22.37%.

In terms of the Western Cape's ***top sector*** in terms of ***import costs*** associated with trade from Colombia last year, as indicated in the graph below the petroleum products, chemicals, rubber and plastic dominated, accounting for 68.63% of all import costs incurred between the Western Cape and Colombia in 2016. The agriculture, forestry and fishing sector followed accounting for 23.1% of import costs incurred with the country in 2015, with textiles, clothing and leather goods in third position (4.59%).



Source: Quantec 2017

In terms of realistic export opportunities identified for South Africa into Colombia as per the Decision Support Model (DSM's) findings, a maximum 50 opportunities are listed in the table below based on the set of filters applied as well as prioritisation according to largest to smallest potential. For further information on the TradeAdvisory DSM model, please contact the Wesgro Research Team.

Detail of Realistic Export Opportunities per Category

No	HS6	HS6 Description	WCP avg. share of national ZAF Exports of product(s) %	WCP share of ZAF Exports [B] to Target Market `000 US$	[A] Realistic Export Potential to Target Market(s) `000 US$	[B] Total Exports from ZAF to Target Market(s) `000 US$	[C] = [B] / [G] Total Exports from ZAF / Target Market(s) Total Imports %	[D] = [B] / [A] Total Exports from ZAF / Realistic Export Potential %	[E] Target Market(s) Imports from top 6 competitors (Excl ZAF) `000 US$	[F] Target Market(s) Imports from Rest (Excl ZAF) `000 US$	[G] Target Market(s) Total Imports `000 US$
1	HS720839	Flat-rolled prods. of iron/non-alloy steel, of a width of 600mm/more, hot-rolled, not clad/plated/coated, in coils, not further worked than hot-rolled (excl. pickled), of a thkns. of <3mm	56.88%	0.00	20 035.75	0.00	0.0%	0.00%	120 214.50	4 869.54	125 084.04
2	HS330210	Mixtures of odoriferous subs. & mixts. (incl. alcoholic solutions) with a basis of one/more of these subs., of a kind used in the food/drink industries	25.94%	0.00	17 918.60	0.00	0.0%	0.00%	107 511.61	11 298.33	118 809.94
3	HS220710	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol.	21.31%	0.00	10 169.61	0.00	0.0%	0.00%	61 017.64	2 009.67	63 027.31
4	HS721632	Angles, shapes & sections of iron/non-alloy steel, I sections, not further worked than hot-rolled/hot-drawn/extruded, of a height of 80mm/more	12.81%	0.00	6 560.67	0.00	0.0%	0.00%	39 363.99	909.04	40 273.03
5	HS842139	Filtering/purifying mach. & app. for gases, other than intake air filters for int. comb. engines	12.34%	0.71	6 298.10	5.78	0.0%	0.09%	37 788.60	9 477.12	47 271.50
6	HS847420	Crushing/grinding machines for earth/stone/ores/oth. min. subs., in solid (incl. powder/paste) form	24.65%	22.13	5 420.97	89.76	0.2%	1.66%	32 525.81	12 345.14	44 960.71
7	HS310290	Nitrogenous min./chem. fertilisers (excl. of 3102.10-3102.80), incl. mixts. not spec. in oth. SHs of 31.02	16.70%	0.00	4 047.72	0.00	0.0%	0.00%	24 286.30	1 136.88	25 423.18
8	HS360300	Safety fuses; detonating fuses; percussion/detonating caps; igniters; elec. detonators	20.62%	2.12	3 572.38	10.28	0.0%	0.29%	21 434.27	1 942.32	23 386.87

No	HS6	HS6 Description	WCP avg. share of national ZAF Exports of product(s) %	WCP share of ZAF Exports [B] to Target Market `000 US$	[A] Realistic Export Potential to Target Market(s) `000 US$	[B] Total Exports from ZAF to Target Market(s) `000 US$	[C] = [B] / [G] Total Exports from ZAF / Target Market(s) Total Imports %	[D] = [B] / [A] Total Exports from ZAF / Realistic Export Potential %	[E] Target Market(s) Imports from top 6 competitors (Excl ZAF) `000 US$	[F] Target Market(s) Imports from Rest (Excl ZAF) `000 US$	[G] Target Market(s) Total Imports `000 US$
9	HS480511	Semi-chem.fluting paper,uncoated, in rolls/sheets, not further worked than/further processed than as spec. in Note 3 to Ch.48	97.95%	0.00	3 221.54	0.00	0.0%	0.00%	19 329.25	265.46	19 594.71
10	HS100510	Maize (corn), seed	18.08%	0.00	3 049.20	0.00	0.0%	0.00%	18 295.22	467.31	18 762.53
11	HS731512	Articulated link chain other than roller chain, of iron/steel	19.93%	0.00	2 919.30	0.00	0.0%	0.00%	17 515.78	1 838.83	19 354.61
12	HS843139	Parts suit. for use solely/princ. with the mach. of 84.28 (excl. of 8431.31)	11.76%	6.10	2 434.39	51.82	0.3%	2.13%	14 606.36	3 529.42	18 187.60
13	HS843629	Poultry-keeping mach. other than poultry incubators & brooders	63.65%	9.03	2 219.86	14.18	0.1%	0.64%	13 319.14	468.88	13 802.21
14	HS380850	Insecticides [excluding that containing camphechlor (iso) (toxaphene)]	41.93%	21.62	1 701.80	51.56	0.4%	3.03%	10 210.80	1 818.20	12 080.56
15	HS293629	Vitamins & their derivs., unmixed (excl. of 2936.10-2936.28)	12.58%	0.00	1 599.89	0.00	0.0%	0.00%	9 599.34	854.38	10 453.73
16	HS283329	Sulphates (excl. of 2833.21-2833.27)	17.02%	14.17	1 581.17	83.29	0.7%	5.27%	9 487.03	1 973.42	11 543.74
17	HS382440	Prepared additives for cements/mortars/concretes	28.88%	0.00	1 470.11	0.00	0.0%	0.00%	8 820.66	2 243.65	11 064.31
18	HS310590	Mineral/chem. fertilisers cont. 2/3 of the fertilising elements nitrogen, phosphorus & potassium (excl. of 3015.10-3105.60); oth. fertilisers, n.e.s... [see complete text #12]	31.04%	0.00	1 288.44	0.00	0.0%	0.00%	7 730.61	1 825.13	9 555.74
19	HS282810	Commercial calcium hypochlorite & oth. calcium hypochlorites	29.98%	4.73	1 164.12	15.77	0.2%	1.35%	6 984.72	0.11	7 000.60
20	HS847439	Mixing/kneading machines for earth/stone/ores/oth. min. subs., in solid (incl. powder/paste) form (excl. of 8474.31 & 8474.32)	16.72%	0.00	1 121.31	0.00	0.0%	0.00%	6 727.88	1 123.77	7 851.65

No	HS6	HS6 Description	WCP avg. share of national ZAF Exports of product(s) %	WCP share of ZAF Exports [B] to Target Market `000 US$	[A] Realistic Export Potential to Target Market(s) `000 US$	[B] Total Exports from ZAF to Target Market(s) `000 US$	[C] = [B] / [G] Total Exports from ZAF / Target Market(s) Total Imports %	[D] = [B] / [A] Total Exports from ZAF / Realistic Export Potential %	[E] Target Market(s) Imports from top 6 competitors (Excl ZAF) `000 US$	[F] Target Market(s) Imports from Rest (Excl ZAF) `000 US$	[G] Target Market(s) Total Imports `000 US$
21	HS730900	Reservoirs, tanks, vats & sim. conts. for any mat. other than compressed/liquefied gas, of iron/steel, of a cap. >300 l, whether or not lined/heat-insulated but not fitted with mech./thermal equip.	19.22%	0.57	1 109.10	2.96	0.0%	0.27%	6 654.62	2 895.47	9 553.05
22	HS250100	Salt (incl. table salt & denatured salt) & pure sodium chloride, whether or not in aqueous solution/cont. added anti-caking/free-flowing agents; sea water	47.03%	0.79	1 098.88	1.67	0.0%	0.15%	6 593.26	514.60	7 109.54
23	HS731021	Cans to be closed by soldering/crimping, for any mat. other than compressed/liquefied gas, of iron/steel,of a cap. of <50 l, whether or not lined/heat-insulated but not fitted with mech./thermal equip.	20.85%	0.00	1 008.90	0.00	0.0%	0.00%	6 053.40	207.43	6 260.82
24	HS731029	Tanks, casks, drums, cans (excl. of 7310.21), boxes & sim. conts., for any mat. other than compressed/liquefied gas, of iron/steel, of a cap. of <50 l... [see complete text #130]	18.87%	0.13	864.36	0.68	0.0%	0.08%	5 186.16	1 062.20	6 249.04
25	HS720810	Flat-rolled prods. of iron/non-alloy steel, of a width of 600mm/more, hot-rolled, not clad/plated/coated, in coils, not further worked than hot-rolled, with patterns in relief	31.36%	0.00	861.27	0.00	0.0%	0.00%	5 167.60	528.59	5 696.19
26	HS760691	Plates, sheets & strip other than rectangular (incl. square), of a thkns. >0.2mm, of aluminium, not alloyed	20.48%	0.00	846.29	0.00	0.0%	0.00%	5 077.72	512.89	5 590.62
27	HS284130	Sodium dichromate	14.99%	3.12	844.31	20.82	0.4%	2.47%	5 065.84	136.19	5 222.84

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28	HS841392	Parts of liquid elevators	10.50%	0.00	834.27	0.00	0.0%	0.00%	5 005.61	630.18	5 635.79
29	HS730820	Towers & lattice masts of iron/steel	23.86%	0.00	834.18	0.00	0.0%	0.00%	5 005.06	351.19	5 356.24
30	HS382370	Industrial fatty alcohols	17.35%	0.00	725.49	0.00	0.0%	0.00%	4 352.93	479.09	4 832.01
31	HS283526	Phosphates of calcium other than hydrogenorthophosphate (dicalcium phosphate)	18.45%	0.00	719.63	0.00	0.0%	0.00%	4 317.79	41.15	4 358.94
32	HS252020	Plasters (consisting of calcined gypsum/calcium sulphate) whether or not coloured, with/without small quantities of accelerators/retarders	19.33%	0.00	597.53	0.00	0.0%	0.00%	3 585.17	29.78	3 614.95
33	HS284910	Carbides, of calcium, whether or not chemically defined	12.16%	0.71	549.99	5.86	0.2%	1.06%	3 299.91	21.80	3 327.57
34	HS401199	New pneumatic tyres, of rubber (excl. those with herring-bone/sim.tread; excl. of 4011.92-4011.94)	14.59%	0.01	548.45	0.10	0.0%	0.02%	3 290.69	253.25	3 544.03
35	HS310559	Mineral/chem. fertilisers cont. the 2 fertilising elements nitrogen & phosphorus, other than those cont. nitrates & phosphates	29.40%	0.00	548.06	0.00	0.0%	0.00%	3 288.37	192.67	3 481.03
36	HS731441	Cloth, grill, netting & fencing of iron/steel wire (excl. that welded at the intersection), plated/coated with zinc	20.92%	0.00	527.82	0.00	0.0%	0.00%	3 166.91	23.45	3 190.36
37	HS381400	Organic composite solvents & thinners, n.e.s.; prepd. paint/varnish removers	23.45%	0.00	490.65	0.00	0.0%	0.00%	2 943.87	248.06	3 191.94
38	HS401162	New pneumatic tyres, of rubber, having a herring-bone/sim. tread, of a kind used on construction/industrial handling vehicles & machines & having a rim size not >61cm	13.19%	0.40	460.30	3.01	0.1%	0.65%	2 761.82	865.34	3 630.17

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39	HS271210	Petroleum jelly	20.97%	0.00	451.24	0.00	0.0%	0.00%	2 707.43	69.22	2 776.65
40	HS294000	Sugars, chemically pure, other than sucrose, lactose, maltose, glucose&fructose; sugar ethers, sugar acetals&sugar esters,& their salts (excl. of 29.37/29.38/29.39)	16.78%	10.00	436.66	59.57	1.9%	13.64%	2 619.96	417.61	3 097.15
41	HS721990	Flat-rolled prods. of stainless steel, of a width of 600mm/more, n.e.s. in 72.19	15.77%	2.03	378.25	12.90	0.5%	3.41%	2 269.51	358.80	2 641.21
42	HS320290	Inorganic tanning subs.; tanning preps., whether or not cont. nat. tanning subs.; enzymatic preps. for pre-tanning	10.07%	0.00	376.90	0.00	0.0%	0.00%	2 261.40	434.20	2 695.60
43	HS401019	Conveyor belts/belting (excl. of 4010.11-4010.13), of vulcanised rubber	16.93%	1.89	365.08	11.14	0.4%	3.05%	2 190.50	492.62	2 694.26
44	HS121190	Plants & parts of plants, incl. seeds & fruits, of a kind used primarily in perfumery/pharmacy/for insecticidal/fungicidal/sim. purps., n.e.s. in Ch.12, fresh/dried, whether or not cut/crushed/powdered	50.06%	0.23	352.44	0.46	0.0%	0.13%	2 114.66	588.89	2 704.01
45	HS400912	Tubes, pipes & hoses, of vulcanised rubber other than hard rubber, not reinf./othw. combined with oth. mats., with fittings (e.g., joints, elbows, flanges)	18.24%	0.00	336.39	0.00	0.0%	0.00%	2 018.35	339.11	2 357.46
46	HS681299	Other	21.35%	0.10	309.62	0.48	0.0%	0.16%	1 857.72	194.72	2 052.93
47	HS842611	Overhead travelling cranes on fixed support	16.83%	0.00	302.21	0.00	0.0%	0.00%	1 813.27	153.05	1 966.33
48	HS720449	Ferrous waste & scrap (excl. of 7204.10-7204.41)	30.52%	0.00	296.51	0.00	0.0%	0.00%	1 779.07	80.47	1 859.54

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49	HS330112	Essential oils of orange	23.50%	0.00	288.51	0.00	0.0%	0.00%	1 731.08	76.44	1 807.52
50	HS411520	Parings & oth. waste of leather/composition leather, not suit. for the mfr. of leather arts.; leather dust, powder & flour	26.67%	0.00	274.28	0.00	0.0%	0.00%	1 645.68	13.63	1 659.31
		Total - all REOs	27.00%	663.22	119 696.75	2 555.04	0.3%	2.13%	717 862.12	74 859.13	795 276.29

Source: TRADE-DSM

3.5 Trade Agreements

In terms of bilateral and multilateral trade agreements that Colombia is party too, since 1969, Colombia has been a member of the Andean Community, which constitutes a free trade agreement with Bolivia, Ecuador, and Peru. Venezuela left the Andean Community in April 2011. A new framework to facilitate limited commercial relations was negotiated in 2011 and entered into force in October 2012. The Andean Community reached a free trade agreement with Mercosur countries in 2005.

MERCOSUR is the acronym for the Common Market of the South

Mercosur is an economic and political bloc comprising Argentina, Brazil, Paraguay, and Uruguay, and Venezuela. Created during a period when longtime rivals Argentina and Brazil were seeking to improve relations, the bloc saw some early successes, including a tenfold increase in trade within the group in the 1990s. Mercosur's one-year suspension of Paraguay in 2012 and indefinite suspension of Venezuela in 2016 for violating its rules on democracy have revealed fractures within the group. Bolivia, Chile, Colombia, Ecuador, Guyana, Peru, and Suriname are associate members. They receive tariff reductions when trading with the full members but do not enjoy full voting rights or free access to their markets. Bolivia was invited to join as a full member in 2012, but its accession is still under negotiation.

Mercosur was created in 1991 when Argentina, Brazil, Paraguay, and Uruguay signed the Treaty of Asuncion, an accord calling for the "free movement of goods, services, and factors of production between countries." The four countries agreed to eliminate customs duties, implement a common external tariff (CET) of 35% on certain imports from outside the bloc, and adopt a common trade policy toward outside countries and blocs. The charter members hoped to form a common market similar to that of the European Union, and even considered introducing a common currency.

Residents of the bloc are authorised to live and work anywhere within it. In 1994, the group signed the Protocol of Ouro Preto, formalising its status as a customs union.

President Santos' Administration has energetically pursued measures to liberalize trade. The United States Colombia Trade Promotion Agreement (FTA) entered into force on May 15, 2012. Colombia has various FTAs with individual countries or associations, which include the Central American Northern Triangle (El Salvador, Guatemala, and Honduras), Canada, Mexico, Chile, the European Free Trade Association (EFTA) countries (Switzerland, Norway, Iceland and Liechtenstein), and the European Union. Colombia signed an FTA with South Korea in February 2013, with Costa Rica in May 2013, with Panama in June 2013, and with Israel in September 2013. These FTAs have not entered into force yet. Colombia is currently negotiating trade agreements with Turkey and Japan.

In addition, to stimulate trade and investment, Colombia has Bilateral Investment Treaties (BITs) with Switzerland, Peru and Spain; Colombia has included investment protection chapters in FTAs with Chile, México, Canada, EFTA countries, El Salvador, Honduras, Guatemala, and the United States. Additional BITs have been negotiated with China, India, and the United Kingdom.

In terms of South Africa and trade agreements with Colombia, the Preferential Trade Agreement (PTA) between the Common Market of South America (Mercosur) and the Southern African Customs Union (Sacu) came into force in late October 2016. The PTA was the first trade agreement concluded by Sacu as a single entity, following the Sacu Agreement of 2002. It also promotes the objective of South – South cooperation, and thus a basis for further integration and cooperation including possible further exchanges of tariff preferences, and cooperation on any other area.

3.6 Trade Regulations, Markings and Standards

Customs, Regulations and Standards

In terms of doing business in the country and complying with various legislation, regulation and other requirements, Colombia has a number of requirements that need to be fulfilled to facilitate trade. Of the most pertinent follow below.

Importing Process and Required Documentation

Exporters should be aware that their importers in Colombia must follow the basic steps below to complete an import transaction into Colombia:

- When required, obtain import permits from pertinent government agencies. For example: Ministry of Social Protection (for medicines), Ministry of Agriculture (for certain food products), and Civil Aviation Department (for aircraft).
- Buy and fill out the Import Registration form. File the Import Registration form with Ministry of Commerce, Industry and Tourism. The form requires a complete product description and tariff classification.
- Obtain approval from Ministry of Commerce, Industry and Tourism for the Import Registration Form or Import License (in the few cases when this is required).
- Make arrangements with a financial entity to pay for the imported goods. Ask the exporter to ship goods to a Colombian port.
- Request the Cargo Manifest from the transportation firm.
- Make arrangements with a Customs Agency to receive the merchandise and get it out of customs. The following are the main steps to be followed:
    - Fill out the Import Declaration ('Declaración de Importación'). When the import value is equal or more than US$ 1,000, Customs Brokers should do all the paperwork and get the shipment out of Customs.
    - Fill out the "Andean Custom Value Declaration" (Declaración Andina de Valor en Aduana) when the import value is equal to or more than US$ 5,000 FOB.
- Go to an authorized financial entity and pay the import duties, VAT, surcharges, and other fees.
- Present all documents to customs.
- Customs inspects the merchandise, when they consider it necessary, and then authorizes withdrawal of goods.
- The importer must keep import documents for a period of no less than five years.

Import Declaration: The importer must submit an import declaration to the DIAN (Customs). This declaration includes the same information contained on the import registration form and other information such as the duty and sales tax paid, and the bank where these payments were made. This declaration may be presented up to 15 days prior to the arrival of the merchandise to Colombia or up to two months after the shipment's arrival. Once the import declaration is presented and import duties are paid, customs will authorize the delivery of the merchandise.

Customs officials are responsible for inspecting merchandise to verify that the description and classification are consistent with the importer's declaration. A customs inspection group often performs after-clearance random investigations to detect fraud, foreign exchange irregularities, and tax evasion. Major customhouse brokers have a customs office in their own bonded warehouses where most clearance procedures are completed before the merchandise is delivered to the customers.

Most of Colombia's foreign trade procedures have been streamlined through the VUCE (Unified Portal for Foreign Trade), which gives users access to forms, online payments and follow-up on requests and processes related to an import or export operation.

Labelling/Marking Requirements

Specific marks or labels are not required, except for food, pharmaceutical products, and textiles. Labels on processed food products must indicate: the specific name of the product, ingredients in order of amount, name and address of manufacturer and importer, country-of-origin, number of units, instructions for storage and usage (when required), expiration date, and other instructions as required by the Ministry of Social Protection or the Industry and Commerce Superintendent. Labels and illustrations cannot be inaccurate or misleading.

Labels on pharmaceutical products must indicate in Spanish: "for sale under medical, dental or veterinary prescription," with the generic name, commercial name, net weight or volume, weight or quantity of active ingredients, license number and the lot control number. Products having limited shelf life should include the date of expiration.

Insecticides and other toxic products should display the skull and crossbones, the word "poison" in Spanish, and information regarding usage and antidotes. Products for which there are no antidotes cannot be licensed and can only be used in programs under the direct control of public health authorities.

There are various inconsistencies regarding labeling in the alcoholic beverages and spirits industry that affect both nationals and foreigners, and relates to taxation associated to labeling and recipients. This is expected to be resolved in the near future by a final decree dealing with the different aspects of alcoholic beverage production, distribution, sales and trade.

Food Labelling Requirements: The Government of Colombia requires country-of-origin labelling for processed food products. However, it does not classify frozen vegetables as a processed food and, therefore, no country of origin labelling is required. In addition, fresh fruit and vegetables do not require country of origin labelling.

The government issued Resolution 5109 on December 29, 2005 through the Ministry of the Social Protection, establishing labelling requirements for canned food and raw food products. Recently the government advised the WTO of upcoming regulations on packages and containers used in direct contact with food products.

Colombian labelling requirements for processed foods do not address the question of ingredient origin. Therefore, if an imported food item contains ingredients from more than one country, for example, U.S. and Canadian peas in the same frozen package, the label must only identify the processor's name, address, and the country where the product was produced.

Product labelling information on imported processed products must be present at the point of retail sale. The responsibility for this labelling information rests with the importer, not the retailer. Many Colombian importers arrange for this information to be placed on the product by the exporting firm, before it enters Colombia.

Trade Barriers

Despite the efforts mentioned above to consolidate and simplify its tariff rate schedule, Colombia's numerous economic integration agreements have fostered overlapping tariff applications. For example, a product may be subject to more than ten different duties depending on whether it comes from a member of the Andean Community, the Latin American Integration Agreement, or the Caribbean Community. Approximately 97% of the Colombian Harmonized Tariff Schedule (CHTS) products can be imported without an import license, but import tariffs and VAT still apply. Colombia's harmonized tariff schedule book lists all applicable import duties.

Non-Tariff Barriers: Although the implementation of the Unified Portal for Foreign Trade (VUCE) has significantly streamlined the paperwork process for imports and exports, Colombia's bureaucracy still constitutes a barrier to trade for both local and foreign companies. Pilferage in customs warehouses and robberies of trucks persists, but cases have decreased dramatically. Colombian customs can detain shipments indefinitely because of improper tariff schedule classification, incorrect address, or even simple typing errors. When the exporter or importer makes mistakes, the goods may be refused entry into Colombia and be returned at considerable expense to the exporter or importer. Colombian customs statutes provide for significant fines and penalties for light infringement of procedures and errors in freight forwarding documents by customs agencies (Agencias Aduaneras)

Non-Tariff Barriers to Agricultural Trade

Import licenses issued by the Ministry of Commerce, Industry and Tourism (MINCIT): Most agricultural product import licenses issued by the Ministry of Commerce are issued automatically and are "free". However, there are a number of agricultural products that need pre-approval before the Ministry of Commerce will issue an import permit. These pre-approvals are regulated by the Ministry of Agriculture and Rural Development (MARD) and the Ministry of Health and Social Protection (MHSP) through the issuance of a sanitary or phytosanitary certificate for imports.

Import Operations Observers: A 2004 GOC regulatory measure issued by the Ministries of Finance and Trade allows import operations observers from private industry to participate in inspection processes at ports of entry. The observers are specifically allowed to support inspection officials to address "technical contraband" in identifying and understanding product quantities, weights, customs values, and harmonized codes for agricultural products. Observers representing the Colombian meat and poultry industry associations in particular have hampered U.S. meat and poultry exports, causing delays in product nationalization.

Ethanol: The Colombian sugar industry has effectively lobbied the Colombian government to pursue protectionist measures, such as the Ministry of Mines and Energy (MME) decree that prevents ethanol imports except when it determines domestic production falls short.

Sanitary and Phytosanitary Measures: Colombia has removed all Bovine Spongiform Encephalopathy (BSE) restrictions on live cattle, bovine meat, and meat products. However, there are remaining restrictions for live cattle related to requirements for Bovine Leucosis and Blue tongue virus. Market access for bone-i beef products will require the annulment or modification of two decrees (Decree 3755 and Decree 3752 of October 27, 2006) from the Colombian Ministry of Health restricting market access to de-boned beef only, independent of the BSE status of the country of origin. The GOC committed to work on the annulment/modification of the two decrees, but as of now after multiple meetings and high level engagement, the GOC has yet to resolve this issue.

The MHSP issued resolution 4254 establishing the requirements for labelling foods derived from modern biotechnology and for identifying raw materials that are or may contain biotech events. In addition to the resolution, the GOC is developing a Technical Annex to supplement the resolution. The Annex may affect trade due to the potential for asynchronous approvals between biotech events approved for food and feed in the United States versus a new requirement for testing and approval for domestic use in Colombia.

Product Health Registration

All processed retail food items, including products imported in bulk for repackaging for retail use without further processing, must be registered and approved by INVIMA. According to Decree 3075 of 1997, product registration is NOT required for:

- Products that are not subject to any transformation, such as grains, fruits, fresh vegetable, honey, etc.
- Products of animal origin not subject to any transformation process.
- Products used as raw materials by the food industry or Hotel-Restaurant-Institutional (HRI) sector in food preparation.

The MHSP issued the Resolutions 2674 and 71 establishing the risk classification for food products which determines the validity of the Product Registration (5, 7 or 10 years), but only for the applicant (exporter or importer) and the specified manufacturer. The product registration is valid only for the specifications (e.g., product description and size) mentioned in the registration. If another form or presentation of the same product is to be imported, the registering company needs to inform the MHSP regulatory authority, Colombian Institute for Surveillance of Food and Medicines (INVIMA) in writing of the new product.

The INVIMA registration of processed foods requires: (1) completion of the registration form; (2) obtain a Certificate of Legal Representation; and, (3) obtain a Certificate of Free Sale stating that the products are approved for human consumption in the United States. This certificate needs to be issued by a U.S. government (state, local or federal) public health authority. Although not required, the INVIMA registration can be expedited if a description of the manufacturing process and a list of the ingredients is submitted, including any additives, preservatives, and colorings/dyes.

Importer Registration, Import Registration and Import Licensing

Every Colombian importer must be registered with the Ministry of Commerce, Industry and Trade (MINCIT). Exporters seeking to sell to a Colombian firm should ascertain that the Colombian importer has obtained the legal authority to import agricultural products by completing the MINCIT registration process.

Minimal Descriptions

Products entering Colombia shall comply with the minimal descriptions mentioned in Resolution 57 of 2015, issued by the National Department of Taxes and Customs (DIAN). The information requested in the resolution can be accessed from the product HS code, and must be provided in Spanish. For certain products where translation is not applicable, the product must be registered in the original language.

Sanitary Permit

Products used as raw materials by the food industry or HRI sector in food preparation do not need an INVIMA registration, but they do need a sanitary permit from the ICA and comply with the labelling regulations. ICA is responsible for the issuance of import SPS permits for animal products, fresh vegetables and fruits, grains, pet food and agricultural inputs, including seeds. GM seeds for planting must be approved by the inter-ministerial National Technical Committee. The import permit details the zoosanitary and/or SPS requirements.

The request for the zoosanitary certificate issued by ICA must come with complete information to avoid delays and possible rejections. The ICA authorities specifically request: Port of Departure (e.g. Cape Town, South Africa), Destination (complete address and city in Colombia), and Trip (e.g. Cape Town to Barranquilla, if travel is direct, or Cape Town to Dominican Republic to Barranquilla).

The Colombian importer must first obtain the import permit from ICA before requesting an import license from the MINCIT. The importer should provide the exporter with the ICA import permit so the relevant Department of Agriculture can reference the permit with bilateral compliance agreements. The said Department of Agriculture then issues a sanitary export certificate referencing the requirements in ICA's import permit. No shipments should be loaded and transported without the submission of the sanitary permit.

For those groups of foods and raw materials that are not considered "high risk", INVIMA requires the following documentation/information to be included with the shipment: suitability of the product for human consumption; manufacturer's name; name of the exporting country; product name; and batch identification. Such information can be obtained through the Certificate of Free Sale issued by the competent authority and supported with a manufacturer's quality statement and/or analysis certificate that identifies the product names and batch or lot identification.

Additional Sanitary Registration Requirements: Exporters should be aware that sanitary registration must also be obtained for pharmaceuticals, cosmetics, household insecticides and similar products. The registration with INVIMA must be obtained before exporting the products to Colombia and the procedure takes between three to six months. Colombia requires sanitary registration for both locally manufactured and imported products. For more information contact: INVIMA, Deputy Directorate for Licenses and Registry, Carrera 68D # 17-21, Bogotá DC, Colombia, Tel. (57-1) 294-8700, Fax (57-1) 294-8700 Ext. 3930, web page

Import Tariffs

Most of Colombia's duties have been consolidated into three tariff levels: 0% - 5% on capital goods, industrial goods, and raw materials not produced in Colombia; 10% on manufactured goods, with some exceptions; and 15% - 20% on consumer and "sensitive" goods.

In March 2012, Colombia joined the WTO Information Technology Agreement, under which Members eliminate tariffs on a most favoured nation (MFN) basis for a wide range of information technology products.

Prohibited & Restricted Imports

Imports of the following products have been specifically prohibited: dieldrin, aldrin, chlordane, endosulfan, heptachlor, lindane, and any preparations containing these products, gasoline that contains lead tetraethylene, and weapon-type toys.

An import license is required for 101 sub-classifications of the Colombian Tariff Schedule. No import licenses are being approved for the following: used vehicles and parts, used tires, used or irregular clothing, clothing closeouts, used bags and sacks, sacks of vegetable fibres, rags, and scrap cordage of textile material wastes. Only the Military Industry Institute (Indumil) (Colombia's government-owned arms and explosives manufacturer) may import weapons, explosives, and related raw materials.

The GOC has maintained restrictions on live cattle imports since late 2003 due to Bovine Spongiform Encephalopathy (BSE), bovine leucosis and bluetongue disease.

3.7 Tariffs

Tariffs imposed on South African exports to Colombia in 2016 are listed below.

TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS TO COLOMBIA IN 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H01: Live animals	9	H33: Essential oils, perfumes, cosmetics, toiletries	11	H65: Headgear and parts thereof	14
H02: Meat and edible meat offal	39	H34: Soaps, lubricants, waxes, candles, modelling pastes	12	H66: Umbrellas, walking-sticks, seat-sticks, whips	14
H03: Fish, crustaceans, molluscs, aquatic invertebrates	13	H35: Albuminoids, modified starches, glues, enzymes	8	H67: Bird skin, feathers, artificial flowers, human hair	14
H04: Dairy products, eggs, honey, edible animal product	55	H36: Explosives, pyrotechnics, matches, pyrophorics	1	H68: Stone, plaster, cement, asbestos, mica, articles	4
H05: Products of animal origin	43	H37: Photographic or cinematographic goods	3	H69: Ceramic products	8
H06: Live trees, plants, bulbs, roots, cut flowers	5	H38: Miscellaneous chemical products	1	H70: Glass and glassware	6
H07: Edible vegetables and certain roots and tubers	22	H39: Plastics and articles thereof	6	H71: Pearls, precious stones, metals, coin	3
H08: Edible fruit, nuts, peel of citrus fruit, melons	15	H40: Rubber and articles thereof	7	H72: Iron and steel	3
H09: Coffee, tea, mate and spices	11	H41: Raw hides and skins (other than fur skins) and leather	5	H73: Articles of iron or steel	5
H10: Cereals	16	H42: Articles of leather, animal gut, harness, travel goods	14	H74: Copper and articles thereof	0
H11: Milling products, malt, starches, inulin, wheat gluten	14	H43: Fur skins and artificial fur, manufactures thereof	9	H75: Nickel and articles thereof	0
H12: Oil seed, oleagic fruits, grain, seed, fruit,	10	H44: Wood and articles of wood, wood charcoal	3	H76: Aluminium and articles thereof	3
H13: Lac, gums, resins, vegetable saps and extracts	8	H45: Cork and articles of cork	1	H78: Lead and articles thereof	0
H14: Vegetable plaiting materials, vegetable products	10	H46: Manufactures of plaiting material, basketwork, etc.	15	H79: Zinc and articles thereof	1
H15: Animal, vegetable fats and oils, cleavage products,	18	H47: Pulp of wood, fibrous cellulosic material, waste	1	H80: Tin and articles thereof	1
H16: Meat, fish and seafood food preparations	16	H48: Paper & paperboard, articles of pulp, paper and board	7	H81: Other base metals, cermet's, articles thereof	0
H17: Sugars and sugar confectionery	15	H49: Printed books, newspapers, pictures	9	H82: Tools, implements, cutlery, of base metal	4
H18: Cocoa and cocoa preparations	13	H50: Silk	0	H83: Miscellaneous articles of base metal	5
H19: Cereal, flour, starch, milk preparations and products	15	H51: Wool, animal hair, horsehair yarn and fabric thereof	3	H84: Nuclear reactors, boilers, machinery	1
H20: Vegetable, fruit, nut food preparations	16	H52: Cotton	9	H85: Electrical, electronic equipment	3
H21: Miscellaneous edible preparations	12	H53: Vegetable textile fibres paper yarn, woven fabric	3	H86: Railway, tramway locomotives, rolling stock, equipment	0
H22: Beverages, spirits and vinegar	15	H54: Manmade filaments	8	H87: Vehicles other than railway, tramway	22

H23: Residues, wastes of food industry, animal fodder	13	H55: Manmade staple fibres	7	H88: Aircraft, spacecraft, and parts thereof	0
H24: Tobacco and manufactured tobacco substitutes	12	H56: Wadding, felt, nonwovens, yarns, twine, cordage	7	H89: Ships, boats and other floating structures	4
H25: Salt, sulphur, earth, stone, plaster, lime and cement	1	H57: Carpets and other textile floor coverings	15	H90: Optical, photo, technical, medical apparatus	2
H26: Ores, slag and ash	0	H58: Special woven or tufted fabric, lace, tapestry	6	H91: Clocks and watches and parts thereof	5
H27: Mineral fuels, oils, distillation products,	2	H59: Impregnated, coated or laminated textile fabric	6	H92: Musical instruments, parts and accessories	6
H28: Inorganic chemicals, precious metal compound, isotopes	1	H60: Knitted or crocheted fabric	9	H94: Furniture, lighting, signs, prefabricated buildings	13
H29: Organic chemicals	0	H61: Articles of apparel, accessories, knit or crochet	15	H95: Toys, games, sports requisites	15
H30: Pharmaceutical products	5	H62: Articles of apparel, accessories, not knit or crochet	15	H96: Miscellaneous manufactured articles	11
H31: Fertilizers	0	H63: Other made textile articles, sets, worn clothing	14	H97: Works of art, collectors pieces and antiques	15
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	5	H64: Footwear, gaiters and the like, parts thereof	15	H99: Commodities not elsewhere specified	14

Source: TradeMap, 2017

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6.

3.8 Port-to-Port

Colombia's main ports and the estimated time taken for cargo loaded in Cape Town to reach said destination ports are indicated in the table below.

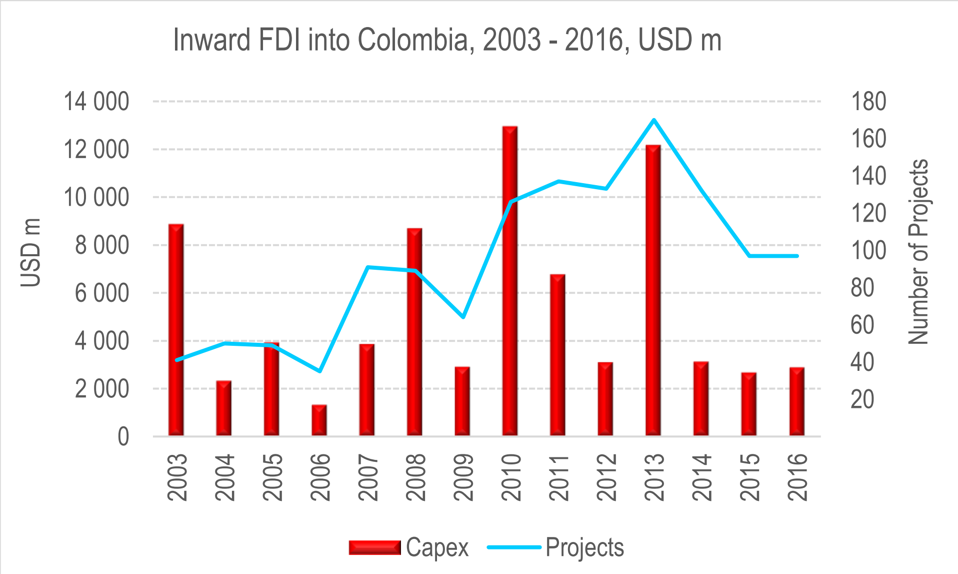
CAPE TOWN PORT TERMINAL TO COLOMBIA'S MAIN SEA PORTS		
COLOMBIA PORTS	**DISTANCE**	**TRANSIT TIME**
Barranquilla	6152.26 mi (11393.99 km)	a month (14 knots)
Buenaventura	6877.83 mi (12737.74 km)	a month (14 knots)
Cartagena	6217.78 mi (11515.32 km)	a month (14 knots)
Santa Marta	6111.33 mi (11318.18 km)	a month (14 knots)
Covenas	6273.82 mi (11619.11 km)	a month (14 knots)
Mamonal	6221.44 mi (11522.10 km)	a month (14 knots)
Muelles El Bosque	6218.06 mi (11515.85 km)	a month (14 knots)
Porzos Colorados	6118.12 mi (11330.75 km)	a month (14 knots)
Puerto Bolivar	5984.69 mi (11083.64 km)	a month (14 knots)
Puerto Prodeco	6124.65 mi (11342.85 km)	a month (14 knots)
San Andres Island	5928.78 mi (10980.10 km)	a month (14 knots)
Tolu	6271.54 mi (11614.89 km)	a month (14 knots)
Tumaco	6940.12 mi (12853.09 km)	a month (14 knots)
Turbo	6394.24 mi (11842.12 km)	a month (14 knots)

Source: Sea-Rates, 2017

4. Foreign Direct Investment

4.1 Global FDI into Colombia

According to FDI Intelligence's market statistics, 1,311 foreign direct investment (FDI) projects were recorded into Colombia over the period 2003 – 2016. These projects represented a total capital investment (capex) of USD75.55bn, which equated to an average investment of USD57.60m per project. During the period, 230,062 jobs were created.



Source: FDI Intelligence, 2017

The United States clinched the number one position as the largest source market for inward FDI into Colombia over the said period, with a total of 307 investment projects, which accounted for 23.42% of total global FDI projects into Colombia. Spain and France ranked second and third respectively, with Spain the source market for 228 FDI projects (equivalent to 17.39% of all projects) into Colombia in the period, with France at 113 FDI projects (8.62%).

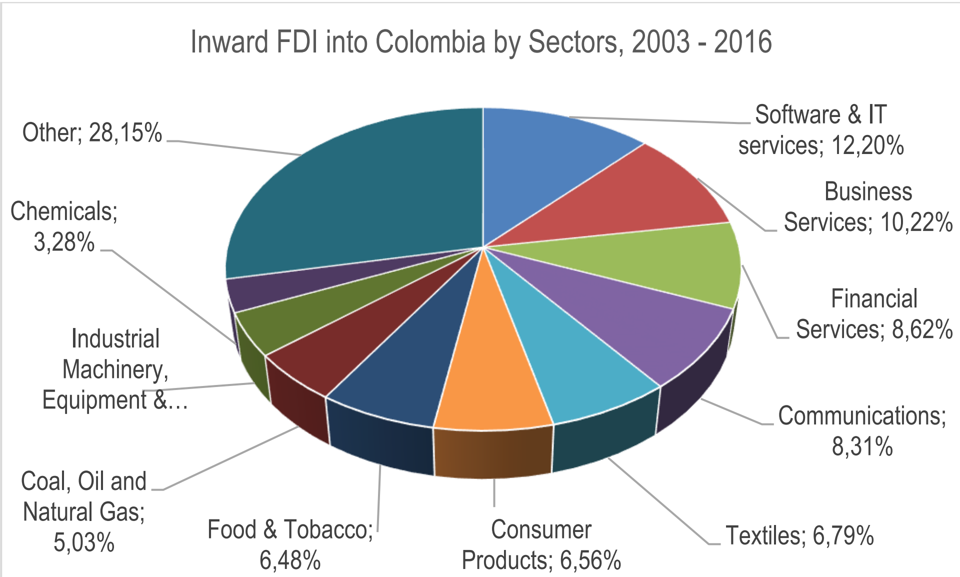
TOP 10 SOURCE MARKETS FOR FDI INTO COLOMBIA, 2003 – 2016							
RANK	COUNTRY	PROJECTS	%PROJECTS	CAPEX (USD m)	% CAPEX	COMPANIES	% COMPANIES
1	United States	307	23,42%	11 987,6	15,87%	227	23,79%
2	Spain	228	17,39%	11 529,5	15,26%	163	17,09%
3	France	113	8,62%	3 927,8	5,20%	54	5,66%
4	Chile	99	7,55%	3 914,8	5,18%	53	5,56%
5	UK	63	4,81%	3 912,2	5,18%	53	5,56%
6	Brazil	49	3,74%	9 056,2	11,99%	38	3,98%
7	Germany	48	3,66%	918,7	1,22%	38	3,98%
8	Mexico	43	3,28%	2 158,6	2,86%	32	3,35%
9	Canada	41	3,13%	10 961,7	14,51%	29	3,04%
10	Switzerland	29	2,21%	4 213,0	5,58%	22	2,31%
Countries 11 - 51		291	22,20%	12 964,9	17,16%	247	25.89
TOTAL		**1,311**	**100**	**75,550**	**100**	**954**	**100**

Source: FDI Intelligence, 2017

Classification of FDI

In terms of a breakdown of inward FDI ***projects by sector***, the number of investment projects was widespread over a number of sectors:

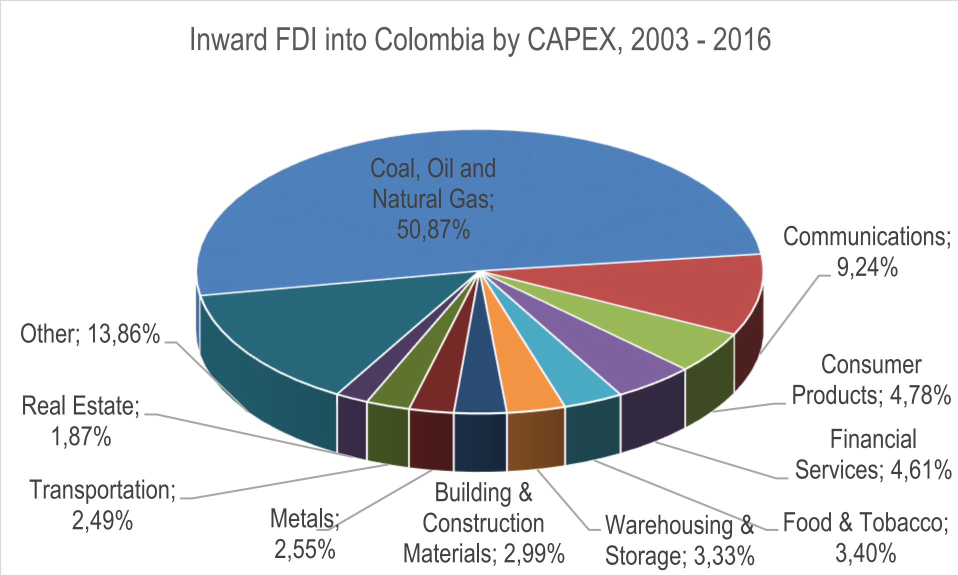
- The software and IT sector was the largest recipient of FDI in terms of number of projects, which at 160 projects, was equivalent to 12.20% of the total number of inward projects received over the said period;
- This was followed by the business services sector at 134 projects (10.22%); with
- The financial services sector in third position with 113 projects (8.62%).



Source: FDI Intelligence, 2017

In terms of sector classification of FDI by capex over the 2003 – 2016 period, the capex value of inward FDI was relatively well spread. Key sector recipients of inward FDI included:

- The coal oil and natural gas sector, which received FDI totalling USD38,431m equivalent to 50.87% of total capex related investment received;
- The communications sector at USD6,980m (9.2%); and
- The consumer products sector at USD3,613m (4.78%).



Source: FDI Intelligence, 2017

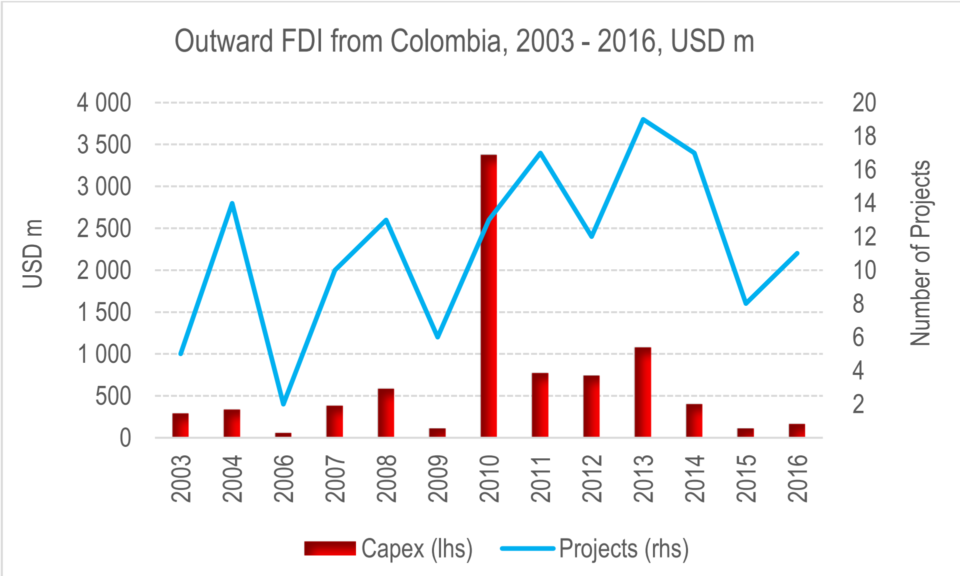
The top 10 global companies investing into Colombia by projects from 2003 to 2016 are shown below.

COMPANIES INVESTING INTO COLOMBIA, 2003-2016 BY COUNTRY					
RANK	**INVESTING COMPANY**	**PRIMARY SECTOR**	**PARENT COMPANY DOMICILE**	**PROJECTS**	**CAPEX (USD m)**
1	Carrefour Columbia	Retail - Food & Tobacco	France	16	707,5
2	Almacenes Exito	Real Estate - Construction	Colombia	15	523,9
3	Carrefour	Retail - Food & Tobacco	France	13	334,7
4	Falabella	Retail - Consumer Products	Chile	12	433,8
5	Citibank Colombia	Financial Services	United States	11	339,9
6	Banco Falabella	Financial Services	Chile	10	309,0
7	Cinemark	Retail – Leisure & Entertainment	United States	10	22,6
8	Banco Bilbao Vizcaya Argentaria Colombia (BBVA Colombia)	Financial Services	Colombia	9	767,2
9	Sodimac	Retail - Consumer Products	Chile	9	368,5
10	Banco Bilbao Vizcaya Argentaria (BBVA)	Financial Services	Spain	7	325,4
Total				**1,311**	**75 545,1**

Source: FDI Intelligence, 2017

4.2 Global FDI from Colombia

Turning to outward investment by Colombia into the global economy over the 2003 – 2016 period, this was substantial, with 147 outward investments project undertaken in this period, with a capital expenditure value of USD8.40bn. This created 20,865 jobs.



Source: FDI Intelligence, 2017

OUTWARD INVESTMENT BY COLOMBIA 2003- 2016					
RANK	PARENT COMPANY	PRIMARY SECTORS	PRIMARY ACTIVITY	PROJECTS	CAPEX (USD m)
1	Bancolombia	Financial Services	Business Services	6	187,1
2	Decameron Hotels and Resorts	Hotels & Tourism	Construction	6	400,9
3	Grupo Aval Acciones y Valores	Financial Services	Business Services	6	185,4
4	Juan Valedz	Food & Tobacco	Retail	6	237,6
5	Sociedades Bolivar	Financial Services	Business Services	6	138,6
6	Blue Logistics (Blue Cargo Group)	Transportation	Sales, Marketing & Support	5	32,7
7	Ecopetrol	Coal, Oil & Natural Gas	Sales, Marketing & Support	5	434,4
8	Body Tech Medical and Sports	Healthcare	Construction	4	5,2
9	Interconexion Electrica	Transportation	Logistics, Distribution & Transportation	4	574,3
10	Phoenix Packaging Group (Grupo Phoenix)	Plastics	Headquarters	4	82,5
TOTAL				**147**	**8 398,00**

Source: FDI Intelligence, 2017

4.3 Foreign Direct Investment between South Africa and Colombia

4.3.1 Colombian FDI into South Africa

There is no record of Colombian based companies investing into South Africa over the period 2003 - 2016.

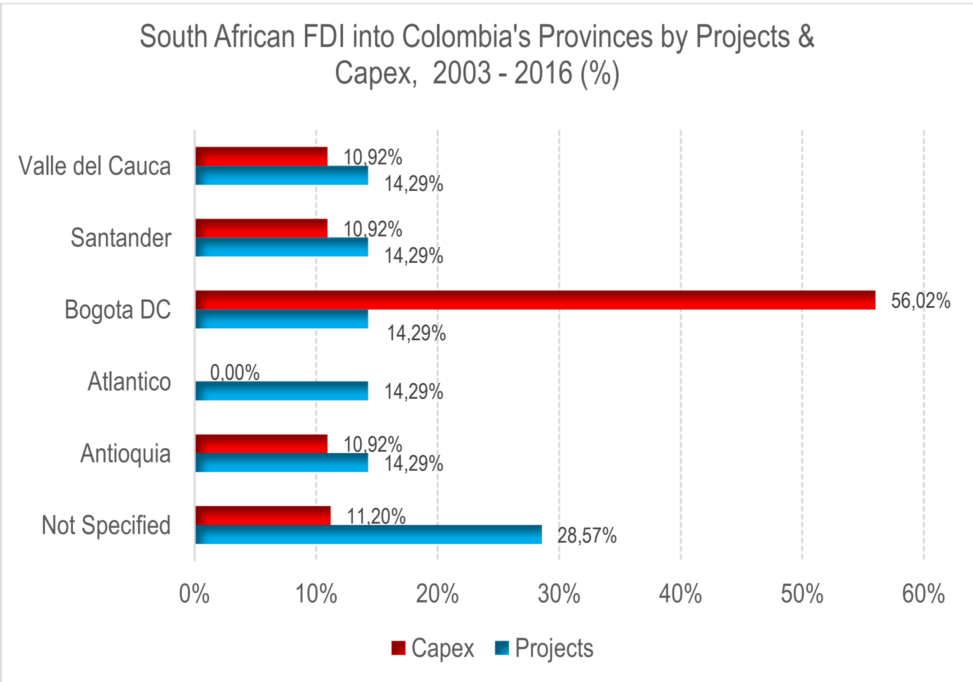
4.3.2 South African FDI into Colombia

In turn, FDI by South African based companies into Colombia over the period 2003-2016 was modestly more active, with some seven outward investment projects undertaken with a capex value of USD35.7m in total. This lead to the creation of 242 jobs.

OUTWARD INVESTMENT BY SOUTH AFRICA INTO COLOMBIA 2003- 2016				
MONTH	PROJECTS	CAPEX (USD m)	JOBS CREATED	COMPANIES
Jun 2014	1	20,0	129	1
Apr 2014	4	11,7	72	1
Aug 2011	1	3,9	23	1
Jan 2011	1	,1	18	1
TOTAL	**7**	**35.7**	**242**	**4**

Source: FDI Intelligence, 2017

In terms of ***destination states/provinces*** for South African FDI into Colombia as measured primarily by the *value of capex*, Bogota was the largest recipient of FDI projects in the said period accounting for 56.02% of all related FDI capex received. This stands to reason given the size and importance of the country's capital city, Bogota.

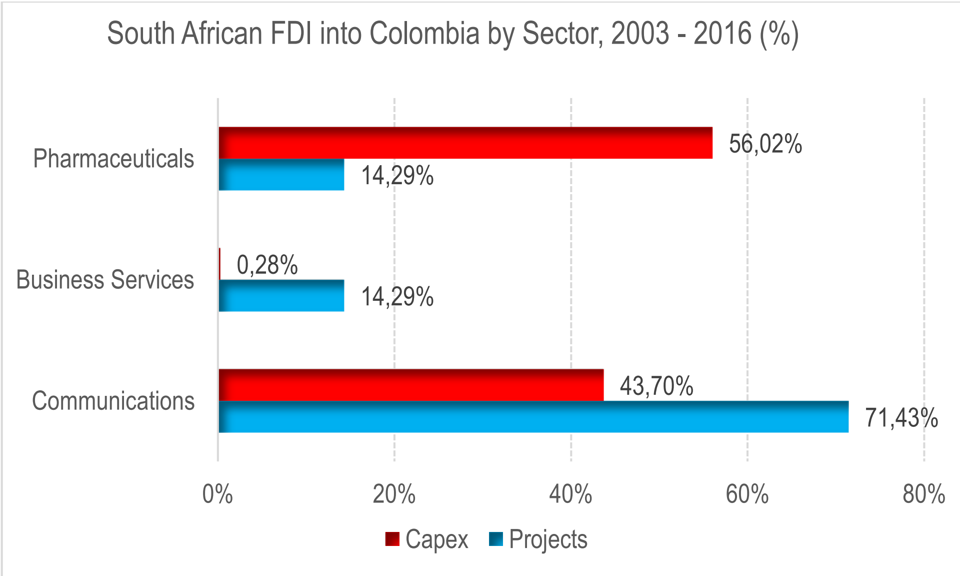


Source: FDI Intelligence, 2017

The graph below shows FDI from South Africa into Colombia by sector, for 2003 to 2016, both by number of projects and capex.

In terms of sectors, most FDI projects were directed as follows:

- The communications sector, which accounted for 43.70% of capex and 71.43% of projects;
- The pharmaceuticals sector, which accounted for a 56.02% share of capex and 14.29% of projects; and
- The business services sector, which accounted for a 0.28% share of capex and 14.29% of projects.



Source: FDI Intelligence, 2017

Turning to the ***leading South African companies,*** which invested into Colombia over the period 2003 – 2016, Datatec was the most prominent investor as measured by the number of projects *and* capex value invested over the said period, followed by Aspen Pharmacare Holdings and Ad Dynamo.

COMPANIES FROM SOUTH AFRICA INVESTING INTO COLOMBIA 2003- 2016						
RANK	**INVESTING COMPANY**	**DESTINATION CITY**	**SECTORS**	**BUSINESS ACTIVITY**	**NUMBER OF PROJECTS**	**CAPEX USD m**
1	Datatec	Barranquilla Medellin Bucaramanga Cali	Communications	Communication Equipment	5	15,6
2	Ad Dynamo	Not Specified	Business Services	Business Services	1	0,10
3	Aspen Pharmacare Holdings	Bogota	Pharmaceuticals	Sales, Marketing & Support	1	20,0
TOTAL					**7**	**35.00**

Source: FDI Intelligence, 2017

4.3.2 Western Cape FDI into Colombia

Turning to ***Western Cape investment into Colombia*** over the period 2003 – 2016, only one FDI project was recorded over this period. The projects represented a total capital investment of USD0.10m, and led to the creation of 18 jobs.

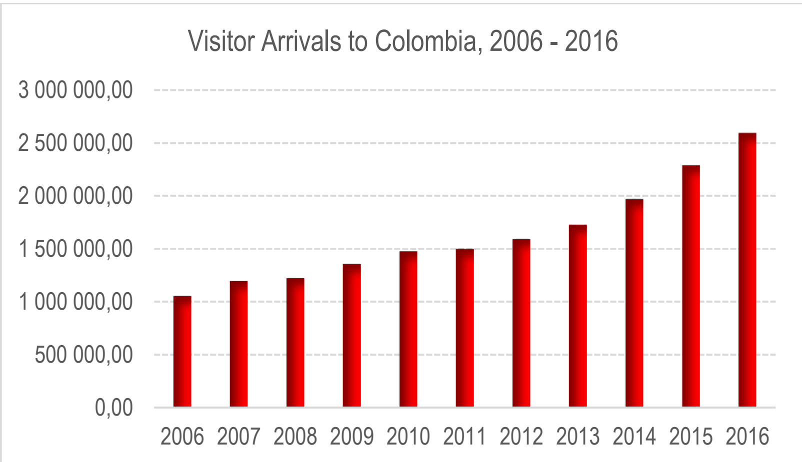
WESTERN CAPE FDI INTO COLOMBIA, 2003-2016						
DATE	INVESTING COMPANY	SOURCE STATE	DESTINATION	INDUSTRY SECTOR	BUSINESS ACTIVITY	CAPEX (USD m)
Jan 2011	Ad Dynamo	Western Cape	Not Specified	Business Services	Advertising, PR, & related	0.1
TOTAL						**0.1**

Source: FDI Intelligence, 2017

5. Tourism

5.1 Colombia Trends and Travel Patterns

The signing of the peace accord by Government and the FARC rebels in late 2016 has been a watershed for the country, in many more ways than one. This could not be truer for the country's local tourism sector, with the travel and tourism sector making tremendous strides since the return of peace and relative economic stability in recent years. Indeed, according to Colombia's Trade Ministry, visitor arrivals totalled 2,593,057 million in 2016, up from 1,474,863 million in 2010. According to official statistics, more than 70% of these visitors were tourists.



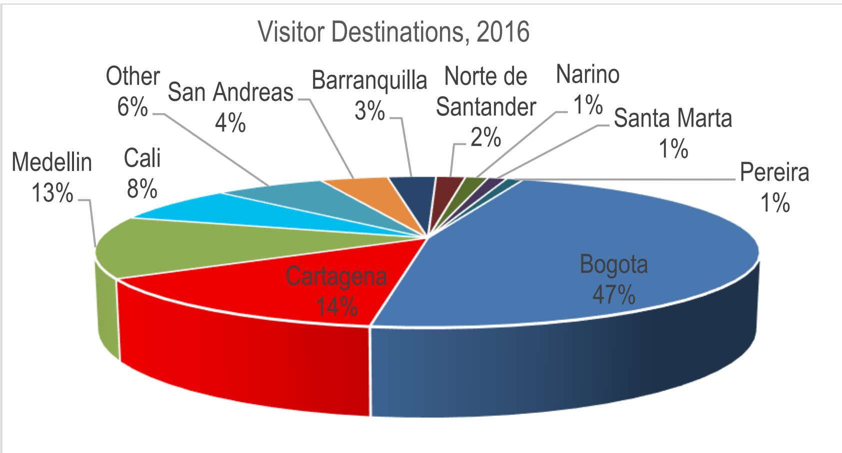
Source: Ministry of Commerce, Industry and Tourism, 2017

The tourism sector is fast becoming a key driver of economic output, as well as a key earner of foreign exchange, with the tourism sector ranking just behind the oil sector as a source of foreign earnings. According to the country's Ministry of Commerce, Industry and Tourism (MinCIT), the travel and tourism market accounted for approximately 5.9% of GDP in 2016, with tourism revenues reaching an estimated USD 5.7bn in 2016, an annual increase of 8.6% y-o-y. Revenues from tourism have nearly doubled since 2010, according to MinCIT, and the government's goal is to reach USD6bn in tourism revenues by 2018.

The local tourism sector has also compared relatively favourably to other countries in the region in recent years according to the Ministry of Commerce, Industry and Tourism, as indicated in the graph below.

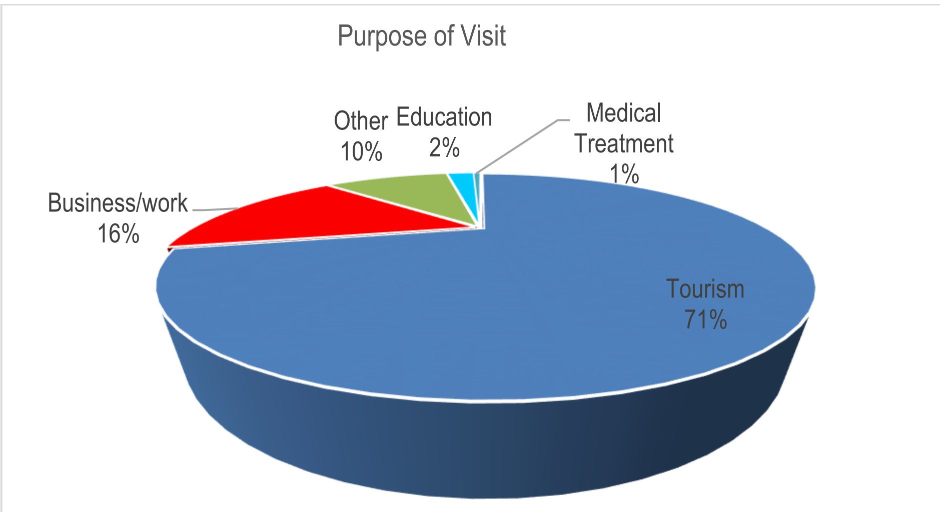
Source: Ministry of Commerce, Industry and Tourism, 2017

In terms of visitor destinations within the country, the country's capital, Bogota, received the greatest number of visitors at 47% of the total received in 2016, followed by Cartagena (14%) and Medellin (13%).



Source: Ministry of Commerce, Industry and Tourism, 2017

Further, tourist arrivals accounted for the largest share of arrivals in 2016 at 71%, followed distantly by business (16%) and other (10%.



Source: Ministry of Commerce, Industry and Tourism, 2017

Looking ahead, prospects remain bright, with the International Air Transport Association (IATA), projecting that Colombia and the region will lead growth in tourism over the next 10 years. The increase in airline routes to Colombia has been a significant contributor to tourism growth. Last year alone the Colombian civil aviation authorities approved 42 new national routes and 20 new international routes for 15 airlines. The latest announcement is by American Airlines, which will offer a direct route between Miami and Cartagena starting in December 2017. Another key driver of the tourism sector going forward will be Government's push to make rural development and tourism high priorities post the signing of the peace deal. This is in accordance with Bogota's objective of reducing the country's dependence on oil. The country's ongoing massive broad-scale infrastructure drive, which will see an improvement in many facets of infrastructure across the country, stands to further boost the domestic tourism sector, in the more rural areas in particular.

According to global travel and tourism authority, the World Travel & Tourism Council (WTTC), the total (including direct, indirect and induced) contribution of the travel and tourism industry to the Colombia economy in 2016 was USD16.7bn, equivalent to 5.8% of GDP. This is forecast to rise by 3.0% in 2017, and to rise by 3% per annum (p.a.) to USD24bn (6.0% of GDP) in 2027.

From a global perspective the local travel and tourism, industry compares relatively well, with the said sector considered the 52nd largest in absolute terms in 2016.

WORLD RANKING (OUT OF 185 COUNTRIES) - COLOMBIA			
Relative importance of Travel & Tourism's total contribution to GDP			
52	**149**	**133**	**126**
ABSOLUTE	RELATIVE SIZE	GROWTH	LONG-TERM GROWTH
Size In 2016	Contribution to GDP in 2016	2017 forecast	Forecast 2017 - 2027

Source: WTTC, 2017

The sector is also of significance in terms of employment, with the WTTC reporting that the total contribution of the sector in 2016 to employment, including jobs indirectly supported by the industry, was 6.1% of total employment (1,379,500 jobs). This is expected to rise by 1.8% in 2017 to 1,404,000 jobs and rise by 1.3% pa to 1,599,000 jobs in 2027 (6.5% of total).

In terms of the various components of the country's travel and tourism industry, and specifically business versus leisure travel, leisure travel spending (inbound and domestic) generated 79.3% of direct Travel & Tourism GDP in 2016 (COP32,950bn) compared with 20.7% for business travel spending (COP8,618.8bn). Leisure travel spending is expected to grow by 4.3% in 2017 to COP34,351bn and rise by 3.3% p.a. to COP47,657bn in 2027.

Similarly, when making the distinction between foreign visitor spending versus domestic spending, domestic travel spending generated 57.7% of direct Travel & Tourism GDP in 2016 compared with 42.3% for visitor exports (i.e. foreign visitor spending or international tourism receipts). Domestic travel spending is expected to grow by 1.7% in 2017 to COP24,391bn, and rise by 3.6% pa to COP34,724bn in 2027. Visitor exports are expected to grow by 5.7% in 2015 to COP18,581bn, and rise by 3.1% pa to COP25,111bn in 2027.

Despite progress made in recent years however, Colombia's tourism industry is still prone to anomalies, one of the greatest of which concerns security, with a number of countries having a travel warning on the country. To address this, Government remains committed to improving security against terrorism and to developing the national travel infrastructure. These developments should open up the less developed areas of the country, areas that have thus far been unable to establish significant tourism hubs, according to Business Monitor International.

Still, all told, the Colombian tourism sector - albeit still small relatively to the likes of Brazil, Mexico and Argentina, - it holds much potential and the future, and has a very bright future. A key influence being the sharp increase in American tourists to the country in recent years, with the US having become a key market, accounting for 20% of arrivals in 2017, according to BMI. This surge stands to reason; considering the peace deal on one hand, and the country's abundance of attractions, which range from popular city breaks, to ancient ruins, to Caribbean beach holidays. The latest developments in the sector speak to this, with the InterContinental Hotels Group (IHG) announcing in June 2017 that the hotel group will be returning to the country, and will be opening a new hotel in Barranquila. The recent announcement by the country's budget airline, VivaColombia, that it is adding 50 Airbus 320s to its line stands to further boost the tourism sector. As is, the airline group has daily flights from Medellin to Miami. All of which, collectively, stands to result in an increase in tourism numbers.

Inbound & Outbound Tourism

In terms of tourist arrivals, 2016 was the best year in many for the country, with arrivals topping previous years at 2,593.06 million; an increase of 13.3% y-o-y. While total arrivals are forecast to increase consistently over the next five years in absolute terms, the pace at which is likely to slow.

In terms of international tourism receipts, defined as expenditures by international inbound visitors, including payment to national carriers for international transport as well as any other prepayment made for goods or services received, this totalled USD5.93bn in 2016, some 123% higher than earned in 2015.

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