

SECTORAL OVERVIEWSHIGHWAY TRANSPORT

As approximately 90 percent of domestic freight is moved over Colombia's highways, road construction and maintenance has been a top priority of the national government. Considerable financial support has been forthcoming in recent years from the World Bank. Although most construction contracts are won by well-established Colombian companies, there exists a market for specialized road construction and maintenance equipment.

The Colombian government has until recently prohibited practically all motor vehicle imports (with the exception of taxis, heavy-duty jeeps, police vans, and other vehicles not assembled in the country) since 1984 to protect the national automobile industry. This assembly industry services about 90 percent of annual demand for vehicles through three assembly plants: Colmotores S. A. (General Motors), Sofasa S.A. (Renault) and CCA (Mazda). The finished vehicles include an average of 40 percent local content, mainly body parts, interior trim, brakes, electric parts and accessories.

The import restriction on foreign-made cars brought about considerable growth for the three local assemblers. From a total of 28,149 units in 1983 for the three companies, production reached 43,000 units in 1985, 47,000 units in 1986, 60,000 in 1988 and 53,000 in 1989. A World Bank-financed study in 1989 concluded that Colombia's protectionist vehicle assembly policy does not significantly distort the economy. More importantly from a Colombian point of view, it saves the country at least US \$1.25 billion annually in foreign exchange. Nevertheless, the economic modernization program initiated in early 1990 has permitted private imports of cars and trucks to take place again, albeit on a small scale which does not threaten local assemblers.

Colmotores S.A. the General Motors assembler, is the only assembler of commercial trucks in Colombia. It has been a substantial importer of Canadian CKD (completely knocked down) parts for both cars and trucks, but there has been a recent tendency for imports from Brazil and Japan to supplant Canadian parts.

The spare parts aftermarket is valued at US \$700 million annually, of which US \$350 million is imported. These imports are handled through a well-organized network of wholesalers and distributors, who buy mainly from the USA, Japan and Europe. Out of a total of 1.3 million vehicles in Colombia, there is still a large number of 20 to 40-year-old American and European cars that need a large number of spare parts due to their age and the general poor condition of Colombian roads. Import licenses for the aftermarket have been gradually opened up for these vehicles.