



## COLOMBIA — 30 Years of Economic Growth

Colombia's impressive 30-year record of economic growth, which in recent years has surpassed 5 per cent, unmatched in all of Latin America, should continue in 1996. The business climate continues to be very favourable with strong internal consumption growth. The government's policy of opening the economy, known locally as "apertura," has resulted in considerable investment activity and importation. The slashing of import duties has been translated into a rapid increase of imports of consumer goods, as well as technology and equipment to modernize local production capacity.

### Canada—Colombia Trade & Investment

Colombia boasts one of the more progressive trade and investment policy frameworks in Latin America, being a forerunner in the establishment of various bilateral and multilateral trade agreements.

The past 18 months has seen very strong Canadian investment activity in the country, mainly in telecommunications and energy. Canadian

firms with foreign investment ambitions would be wise to consider Colombia for a number of reasons, including the preferable access it enjoys to neighbouring markets through existing free trade agreements such as the Andean Pact (with Peru, Bolivia, Ecuador and Venezuela).

Colombia is eager to associate with Canadian firms, reflecting the increasing awareness of Canada as a source of technology through the high-profile presence of such Canadian firms as Bell Canada, Trans-Canada Pipelines, Interprovincial Pipelines and Northern Telecom (Nortel) (see page VIII).

### Prospects and Opportunities

• **Food Products** — The recent establishment of two international food distribution giants, Makro of the Netherlands and Institutional Food Services of the U.S., has heralded a revolution in Colombian food marketing. This means that the import market for value-added food products, previously the exclusive reserve of the U.S., is now opening up to Canadian producers and distributors. As Colombia enjoys a thriving and growing economy, its 36 million inhabitants are demanding more imported food products.

Canadian companies that are interested in the food products sectors should be aware of the following guidelines:

- \* send product information to the Commercial Section of the Canadian Embassy;
- \* follow-up by phoning importers directly;
- \* send samples by courier via the Embassy (packages should be marked "muestras sin valor comercial"/"no commercial value");
- \* do not send frozen or refrigerated

samples until special instructions are received from the Embassy;

\* once the Embassy has arranged for delivery of samples, follow-up by phone or fax.

• **Energy** — The active participation of state oil company Ecopetrol and foreign operators has placed current Colombian hydrocarbon reserves at record levels. In 1994, investment in exploration activities amounted to US\$200 million and an estimated US\$300 million in 1995. Current daily production is 620,000 barrels per day (bpd), of which the Cusiana field contributes 185,000 bpd. Further development at Cusiana will bring production up to 500,000 bpd by 1997 and will demand additional investment of US\$4.6 billion for the construction of two processing facilities, a new 800-km pipeline and drilling of some 75 new producing wells.

A government decision to increase energy efficiency has resulted in a plan for a gas massification program. Four major pipeline projects will help increase the number of user

households from 600,000 to 2 million by the year 2000. The program will require resources of \$US3 billion.

Total electrical power demand in 1995 was estimated at over 7,000 megawatts (MW) with a growth rate of 4.7 per cent until the year 2003. Current installed capacity in 1994 was over 10,000 MW. Plans are under way to construct 10 new thermal stations and two hydro-electric complexes.

• **Telecommunications** — Colombia has set ambitious targets to nearly double the number of telephone lines per capita and to improve service in remote regions. Law 37 in 1993 moved Colombia into the era of cellular telephony, private investment and joint ventures, paving the way for Canadian investment in this growing sector. Nortel is currently installing over 200,000 lines throughout Colombia as well as an additional 200,000 lines in the city of Bogota. Personal communications

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