

Partnering for Success

Use of Agents, Representatives & Distributors

Foreign firms interested in exporting only to the private sector in Colombia are not required by law to secure a local agent or representative and may deal directly with customers. However, as a general rule, it is advisable to appoint a local agent or sales representative to help with import procedures, actual sales promotion, and after-sales service. It is a requirement for international bids and when contracting with the Colombian Government that foreign bidders are legally represented in Colombia.

Agency or representation and distribution agreements are regulated by the Colombian Commercial Code. An agent or representative differs from a distributor in that the former is legally associated with the principal and may enter into legal agreements on the principal's behalf, while the latter acts totally independent from the principal. A distributor may purchase items from a foreign supplier (wholesaler or jobber) and resell them locally at his own discretion and risk, thus, controlling his level of profits and style of marketing.

To secure an agent, representative or distributor for Colombia, a contract is required, following the provisions of the Colombian Commercial Code. This contract must be registered with the chamber of commerce where the agent/representative is located. Agency or representation agreements do not require Government approval.

Joint Ventures/Licensing

Joint ventures and licensing agreements have been in effect in Colombia for many years as important tools for transferring technology. Legislation in Colombia has been changed to permit these types of association, so as to encourage and promote foreign investment and the protection of intellectual property rights.

Joint ventures can be established in Colombia on a temporary basis, to pursue a project or on a long-term basis. The ownership split between the Canadian and Colombian partners can be made in any proportion. The entity must be incorporated with a notary public, just like any local company. The investment must also be registered with the Banco de la Republica in order to be legally incorporated.

Steps to Establishing Business

There are several ways of establishing a business in Colombia: as a corporation; limited liability partnership; sole proprietorship; or a branch or subsidiary of a foreign corporation. Each requires different steps to be followed and is legally