V. FOREIGN INVESTMENT IN COLOMBIA

An outward-oriented strategy and the incentive of domestic and foreign private investment are the basic elements of the Colombian government's policies for economic growth and social development. This purpose has guided the revision of the Colombia foreign investment regime.

On Colombia's initiative, Decision 24 of the Andean Group was revoked and a more flexible legal framework was established in its place. The new regime eliminates restrictions on the participation of foreign direct investment in the Colombian economy and guarantees the rights of foreign investors.

Colombia also has conditions that contribute to a positive climate for foreign investment. Some of these are the following:

a) Colombia is a stable democracy based on respect for the law. Its Constitution, which dates from 1886, and other institutions protect private property. Anyone can have recourse to the judiciary, which is independent of the Executive, to ensure the protection of his or her rights.

   A free press and a very active popular political participation at the base are deeply ingrained traditions.

b) Colombia has an internal market of 30.3 million inhabitants with a per capita income of U.S.$1 264 in 1987. During the last 25 years, total Gross Domestic Product (GDP) tripled and per capita GDP doubled.

c) The Colombian economy is the most stable in Latin America. In the eighties, Colombia has been the only country in the region to maintain positive growth rates each year, steady and moderate inflation, and access to voluntary external credit without renegotiating its foreign debt. The government's macroeconomic policy has contributed to the internal and external equilibrium of the economy and has permitted non-traditional exports to grow at 20 per cent annually.

d) Colombia has an area of 1 141 748 km^2. It has coasts in both the Atlantic and Pacific oceans, is close to the