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ON SUSTAINABLE INTERNATIONAL INVESTMENT  
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## **Columbia FDI Profiles**

Country profiles of inward and outward foreign direct investment  
issued by the Vale Columbia Center on Sustainable International Investment  
September 15, 2010, updated: November 10, 2010

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### **Inward FDI in Colombia and its policy context**

by

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*Colombia used to be a synonym for violence and drugs, but not any more. Today, the country has one of the best performing economies in Latin America, and violence has been dramatically reduced. The outgoing administration made improving investor confidence and the business environment one of the pillars of its policy. Thanks to important reforms and aggressive campaigns to promote the country as an attractive location, inward foreign direct investment (IFDI) has risen to unprecedented levels. Due to these positive changes, Colombia has been designated a “top reformer” for the past four years in the World Bank’s Doing Business reports, and the new Government has promised to maintain and reinforce efforts to attract foreign investment. Even though IFDI flows decreased in the past two years as a consequence of the economic and financial crisis, many foreign affiliates in Colombia achieved positive profits. A country that a decade ago was avoided is now in many investors’ plans.*

#### **Trends and developments**

Back in 2000, Colombia presented a low inward FDI stock compared to its neighbors Peru and Venezuela, from where many multinational enterprises (MNEs) preferred to manage their Andean operations. However, in 2008 that trend shifted when Colombia’s FDI stock rose to US\$ 67 billion, surpassing both countries’ IFDI stocks (annex table 1). By the end of 2009, Colombia’s FDI stock stood at US\$ 74 billion, showing a 10% increase compared to 2008 and a compound annual growth rate of 12.8% for the 2000-2009 period.<sup>1</sup>

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<sup>1</sup> Author’s own calculations, based on data from Colombia’s Central Bank on FDI inflows and the National Statistics Department data on GDP.

### *Country-level developments*

Despite Colombia's size and economic potential, until 2005 FDI in the country registered timid inflows and marginal growth rates. Most IFDI coming in the 1990s was a consequence of privatizations rather than market-led opportunities. In 1999, the worst year of Colombia's economic crisis, the country received US\$ 1.5 billion of FDI and by 2000 FDI flows only accounted for 2.6% of the country's GDP. During the economic recovery period from 2000 to 2003, IFDI flows stayed constant, peaking at US\$ 2.5 billion in 2001 (annex table 2). Finally, in 2005, Colombia received US\$ 10.3 billion, the highest annual IFDI inflow in its history, led by the acquisition of the largest Colombian brewery, Bavaria, by SAB Miller<sup>2</sup> (South Africa)<sup>3</sup> and by 2009 FDI flows represented 5.3% of the country's total output.

Even though governmental efforts to expand and diversify the sectors receiving foreign capital showed some positive results, the IFDI flows are still largely concentrated in the primary sector (annex table 3). In 2009, 80% of IFDI inflows went into natural resources exploitation, i.e. 37% into the oil industry and the remaining 43% into the mining and quarrying industry. Commerce, restaurants and hotels captured 9% of inflows, while manufacturing activities attracted around 7% of IFDI.

2009 proved to be a difficult year. In the manufacturing and transportation, storage, and communications sectors, IFDI inflows fell by 69% and 61%, respectively compared to the previous year. Other sectors that suffered diminishing FDI flows were agriculture (65%), financial establishments (50%), utilities (72%) and oil (22%)<sup>4</sup> (annex table 3).

On the other hand, the mining sector, with IFDI of US\$ 3.1 billion, experienced a growth of 72% and remains, along with the oil industry, the main recipients of FDI. On average, for the 2000-2005 period, IFDI in the mining and the oil industries amounted, respectively, to 25% and 13% of total IFDI and, during 2006-2009, to 23% and 34%.

More recently, according to Colombia's central bank preliminary numbers, up to the second quarter of 2010, FDI inflows amounted to US\$ 4.1 billion, representing a 18% decrease compared to the same period the year before.<sup>5</sup>

In terms of technology intensity, 55% of IFDI in Latin America is directed to medium-low technology industries. Given that 80% of the IFDI flows to Colombia in 2009 were directed to natural resources exploitation, the country shows a low level of technology-intensive investment. From a regional comparative perspective, Colombia captures 0.62% of IFDI with a high technology intensity component directed to manufacturing in Latin America and 0.07% of IFDI with a medium-low technological intensity.<sup>6</sup>

<sup>2</sup> SAB Miller, "A powerful combination," July 19, 2005, available at: [http://www.sabmiller.com/files/presentations/2005/190705/190705\\_bavaria\\_transaction\\_slides.pdf](http://www.sabmiller.com/files/presentations/2005/190705/190705_bavaria_transaction_slides.pdf). It is estimated that, out of the US\$ 7.8 billion deal, US\$ 4.8 billion entered the country as FDI in 2005 through the 71.8% of shares bought from the Santo Domingo family, owner of Bavaria, as well as shares acquired from minority shareholders in the company.

<sup>3</sup> Proexport Colombia, available at: <http://www.investincolombia.com.co>.

<sup>4</sup> Banco de la República de Colombia, "Balance of payments," June 2010.

<sup>5</sup> Banco de la República de Colombia, "Balance of payments," November 2010.

<sup>6</sup> ECLAC, *La inversión extranjera directa en América Latina y el Caribe* (Santiago de Chile: ECLAC, 2010).

One of the most coveted forms of IFDI are investments with a high component of research and development (R&D), as these are high value-added activities with the potential to generate larger positive technological spillovers and larger shares of revenues for the host economy.<sup>7</sup> According to the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), during 2003–2009 a total of 193 R&D greenfield projects were started in the region.<sup>8</sup> Colombia captured 5.5% of all R&D projects, behind Brazil (38.7%), Mexico (27.6%), Argentina (10.6%), and Chile (9.1%).

In terms of geographical localization Bogotá remains the main economic and industrial center, capturing 77% of IFDI, followed by the Department of Antioquia, and its capital, Medellín, the second largest city in Colombia grasping 9% of IFDI. The remainders of incoming flows were invested in the departments of Bolívar (5%), Valle (5%) and Atlántico (2%).<sup>9</sup>

Given the historically strong links between the Colombian economy and the United States, it is not surprising that the United States stands as the largest investor, accounting for 87% of total FDI inflows in Colombia in 2009 (annex table 4).<sup>10</sup> During the 2006-2009 period, The U.S. along with the United Kingdom and Spain accounted for 60% of total average inflows.

Given the still nascent state of industries in the region, FDI from neighboring countries has been marginal and only until recently, with the rise of the translatinas, have these amounts started to become significant, with investments coming especially from Chile and Brazil. As a consequence, average IFDI inflows from Chile and Brazil surged from US\$ 10.2 million and US\$ 5.4 million, respectively, during 2000-2005, to US\$ 36.6 million and US\$ 180.2 million during 2006-2009.

### *The corporate players*

By the end of 2008, there were 645 foreign affiliates in Colombia.<sup>11</sup> In 2007 and 2008, Colombia saw a surge in greenfield projects, when the country attracted 66 and 73 greenfield projects, respectively. Now Colombia, surpassing Chile, became the third largest recipient of IFDI in South America, behind Brazil and Argentina.<sup>12</sup>

As mentioned earlier, Colombia has benefited from the rise of the so called translatinas - Latin American companies that have recently turned into important international players. Chilean companies including Fallabella, Cencosud and Sodimac, and Brazilian firms such as Vale, Gerdau, Votorantim, and the Sinergy group (owner of Avianca) have been regional pioneers in penetrating the Colombian market. Translatinas played a protagonist role in 2009 as the largest deals, primarily in the oil, mining and quarrying industries, were performed by companies such as Xtrata and Vale (annex table 6).

<sup>7</sup> High profits must be generated in the country to take into account higher risks for investments in these complex activities being performed in the host country.

<sup>8</sup> ECLAC, *La inversión extranjera directa en América Latina y el Caribe*, op. cit.

<sup>9</sup> Bogotá's Chamber of Commerce, "Tablero de indicadores de Bogotá," 2010.

<sup>10</sup> Data by origin of FDI do not include investments in the oil sector nor the reinvestment of profits.

<sup>11</sup> UNCTAD, *World Investment Report 2009: Transnational Corporations, Agricultural Production and Development* (New York and Geneva: UNCTAD, 2009). Data for 2008 are the latest available.

<sup>12</sup> ECLAC, *La inversión extranjera directa en América Latina y el Caribe*, op. cit.

Finally, it is worth mentioning that Phillip Morris' efforts to acquire the Colombian tobacco company Coltabaco were blocked by the Colombian authorities, who expressed concern over the potential creation of a monopoly.<sup>13</sup>

### **Effects of the current global crisis**

Because of the economic and financial crisis, IFDI inflows fell by 32% in 2009 compared to 2008, as important investment decisions were reversed. These included the sales of Corn Products to Bunge and of Prodesal to Mexichem, as well as the acquisition of the Compañía Minera de Caldas (CMC) by Canadian Colombia Goldfields.<sup>14</sup>

However, in spite of the global crisis, profits made by foreign affiliates allowed the acquisition of Colombian companies. The acquisition by Makro (Netherlands) of 37% of shares of Makro Supermayorista (owned by several local firms), the acquisition of Socovig, a private security company, by Burns de Colombia for € 3.4 million<sup>15</sup> and the acquisition of Colsecurity by Wackenhut Colombia are a few examples of investments that went forward.<sup>16</sup>

In the past two years, the economic and financial markets crisis has particularly affected FDI inflows coming from European countries. During 2000–2005, Spain, the third largest investor in Colombia, always had positive investment figures. However, the financial crunch drove Spanish investment down to a disinvestment of US\$ 327 million in 2008/2009. Overall flows coming from Europe plummeted from US\$ 392 million in 2008 to disinvestments of US\$ 1,532 million in 2009. (annex table 4)

### **The policy scene**

By law,<sup>17</sup> foreign investment in Colombia is governed by three basic principles: 1) universality, 2) automatic authorization and 3) equality of treatment. Given these principles, foreign investment is subject to the same treatment as domestic investment. The only sectors with restrictions for foreign capital are:

- activities concerning national defense and security;
- the treatment and disposal of toxic, dangerous or radioactive waste not produced in Colombia; and
- broadcast services, in which foreign investment cannot exceed 40% of the total capital of a dealership.

One of the main policy pillars of the Government of President Álvaro Uribe Vélez over the past eight years was to improve the business environment and the protection of investors' rights and

<sup>13</sup> Superintendencia de Industria y Comercio, "Resolución No 29937," June 11, 2010, available at: [http://www.sic.gov.co/Articulos\\_Pagina\\_Principal/Noticias/2010/Competencia/SIC\\_Objeto.php](http://www.sic.gov.co/Articulos_Pagina_Principal/Noticias/2010/Competencia/SIC_Objeto.php).

<sup>14</sup> Rolando Lozano, "Crisis financiera no impidió nuevos movimientos empresariales en el país," December 12, 2008, available at: [http://www.portafolio.com.co/negocios/empresas/2008-12-12/ARTICULO-WEB-NOTA\\_INTERIOR\\_PORTA-4719909.html](http://www.portafolio.com.co/negocios/empresas/2008-12-12/ARTICULO-WEB-NOTA_INTERIOR_PORTA-4719909.html).

<sup>15</sup> Burns de Colombia is a subsidiary of Securitas AB (Sweden).

<sup>16</sup> "Crisis económica afectó la inversión y los negocios en Latinoamérica," *Cambio*, February 10, 2010, available at: [http://www.cambio.com.co/economicambio/865/ARTICULO-WEB-NOTA\\_INTERIOR\\_CAMBIO-7111547.html](http://www.cambio.com.co/economicambio/865/ARTICULO-WEB-NOTA_INTERIOR_CAMBIO-7111547.html).

<sup>17</sup> Law 9 of 1991, "Nuevo estatuto cambiario," January 17, 1991.

interests. The Government entrusted the official national agency for promotion of exports, Proexport, with the task of promoting FDI by endorsing industrial sectors with potential high economic and employment growth. Several regional agencies, such as Probarranquilla, the Agency of Cooperation and Investment of Medellín, and Invest in Bogotá, have also started ambitious plans to bring investors to their cities and regions. The latter agency was recently ranked as the 16<sup>th</sup> best investment promotion agency worldwide out of 216 agencies in a study performed by the World Bank.<sup>18</sup>

Simultaneously, the Ministry of Commerce, Industry and Tourism, along with Proexport, were inquiring for a successful policy model to benchmark and draft the country's own policies turning its attention to Ireland. Consequently, the Government drew important lessons from the Irish model and shaped several policies accordingly in order to achieve similar results.<sup>19</sup>

One of the first reforms to improve the business environment and the investor-protection practices was the creation of Legal Stability Agreements (LSA). These agreements, effective for up to 20 years,<sup>20</sup> protect investors against changes that could be made in the future to laws, regulations or rulings impacting negatively their operations.

Furthermore, in addition to investment incentives concerning tax exemption in the sectors of hotels and ecotourism services, late yield crops, medical and software products, aeolian, biomass and agricultural energy generation, and publishing companies, the Government introduced significant changes to the tax system with the creation of law 1111 of 2006. The law allowed the Government to lower the corporate income tax rate from an effective rate of 38.5% to 34% in 2007 to 33% in 2008.

Colombia has multiple free trade zones, where companies can benefit from a lower (15%) corporate income tax.<sup>21</sup> The Government, in a further effort to gain competitiveness, created "single enterprise" free trade zones (SEFTZ), where companies complying with certain requisites of investment and job creation can establish themselves as SEFTZ anywhere in the country with the same benefits that a regular permanent free trade zone. During 2007–2010, 39 zones were approved and nine more were awaiting approval from the tax authority, the Departamento de Impuestos y Aduanas Nacionales (DIAN).<sup>22</sup>

Recently, as part of the tax reform passed on December 30, 2009,<sup>23</sup> changes in the fixed assets investment deduction were introduced; these reforms affect companies located in free trade zones.<sup>24</sup> Finally, in 2010, Colombia added three new free trade agreements (FTAs) to the three already in place, with the United States, Canada and the European Free Trade Association

<sup>18</sup> World Bank, *Global Investment Promotion Benchmarking 2009* (Washington: The World Bank, 2009).

<sup>19</sup> For further information refer to "Misión de Colombia de alto nivel estudiará en Dublin el "Milagro Irlandés", Presidencia de la Republica, Bogotá, February 2008, available at: <http://web.presidencia.gov.co/sp/2008/febrero/29/21292008.html>.

<sup>20</sup> Law 963 of 2005. Ley de estabilidad Jurídica, July 8, 2005.

<sup>21</sup> The most important change of the FTZ regime was to allow companies located within a FTZ to sell goods without any limit to the domestic market. Before 2005, enterprises in a FTZ were allowed to sell their goods exclusively abroad.

<sup>22</sup> Ministerio de Industria y Comercio.

<sup>23</sup> Tax Reform Act No. 1370-2009.

<sup>24</sup> In the past, a company investing in fixed assets was entitled to a 40% deduction in its income tax. With the tax reform, the deduction is reduced to 30%. However, free trade zones' income taxpayers eligible for the reduced 15% income tax rate are not entitled to benefit from the 30% fixed assets investment income tax deduction, as the Congress deemed both benefits to erode fair competition.

(EFTA).<sup>25</sup> Colombia has signed international conventions for the protection of FDI with the Multilateral Investment Guarantee Agency (MIGA), the International Centre for Settlement of Investment Disputes (ICSID), the Overseas Private Investment Corporation (OPIC), and the Program for Cooperation in Upcoming Markets (PSOM). According to official statistics, in 2010, Colombia will be negotiating nineteen international investment agreements with 39 countries and 21 double taxation treaties (DTTs) with 22 countries. So far, the country has already signed DTTs with Canada, Chile, Mexico, the Andean Community of Nations (CAN), Spain, and Switzerland.<sup>26</sup> The rising numbers of agreements negotiated are based on the Government's desire to globalize the Colombian economy, which was lacking bilateral and multilateral tools to foster the country's competitiveness.

## Conclusions and outlook

The new president, Juan Manuel Santos Calderón, has clearly stated that foreign investors can expect a smooth transition, as transparent and business-friendly rules will be maintained during his mandate. Certain goals that were not reached during Mr. Uribe's terms, including achieving investment grade from international rating agencies and the implementation of the FTA with the United States, are expected to be achieved under Mr. Santos's mandate.

Although tax benefits are seen by some analysts as unfair and distortive incentives, it is unlikely that the new Government will dismantle them, as it could be a signal of a volatile and unstable legal environment, an image that the country is trying to leave behind.

The return of IFDI to the country is good news for Colombia, and all factors are coming together to maintain the country as an attractive location for investment. Hence, it is important for policy makers to step up projects and programs and create a better business environment, if they want to make Colombia a really first-class location for foreign firms.

Infrastructure has to be improved. Colombia has relied for years on the promotion of the country as a low-cost location, but this strategy has its limits. Low income countries might find tax incentives a successful tool to attract FDI but in the long run countries with good infrastructure will have a competitive edge and will attract most FDI.<sup>27</sup> The legal framework also needs some improvement. In spite of the Government's efforts, paying taxes and starting a business can be a complicated, lengthy and burdensome process. An education system of high quality, oriented toward relevant skills, would allow Colombia to meet MNEs' needs of specific talent at every level and attract more high value-added operations. Finally, easier access to finance is an imperative. Currently, foreign companies are prohibited from holding bank accounts in foreign currency, a restriction only shared with Brazil and Venezuela.

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<sup>25</sup> The US Free Trade Agreement has been signed by the Colombian Congress and is awaiting ratification by the US Congress. The Canada-Colombia FTA was signed in 2008; Canada's legislature approved this FTA in June 2010 and, as of September 2010, it was awaiting approval from the Colombian Congress. Finally, the FTA with the European Free Trade Association was signed by both parties in 2008 and approved by the Colombian legislature in June 2009, but it was still not in force in August 2010.

<sup>26</sup> Proexport, Ministerio de Industria y Comercio (Bogotá: 2010).

<sup>27</sup> As suggested in C. Bellak, M. Leibrecht and J. Damijan, "Infrastructure endowment and corporate income taxes as determinants of foreign direct investment in Central and Eastern European Countries", *The World Economy*, vol. 32, issue 2 (2009), pp. 267-290; and Agnès Bénassy-Quéré, A., N. Gopalraja and A. Trannoy, "Tax and public input competition," 22 *Economic Policy* 385 (Paris: CEPPII, Centre d'Etudes Prospectives et d'Info. Internationales, 2007).

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Rendón Acevedo, Jaime Alberto, “Los impactos de la inversión extranjera directa en la economía colombiana: el caso de la industria de bebidas,” 9(18) *Semestre Económico* 11 (Medellín: Universidad de Medellín, 2006).

Proexport, PricewaterhouseCoopers, *Doing Business and Investing in Colombia* (Bogotá: Proexport, PricewaterhouseCoopers, 2010).

### *Useful websites*

For National Economic and Social Statistics: National Department of Statistics, available at: [www.dane.gov.co](http://www.dane.gov.co).

For economic statistics: Banco de la Republica, available at: [www.banrep.gov.co](http://www.banrep.gov.co).

For FDI statistics and operational costs: Proexport, available at:

<http://www.investincolombia.com.co>.

For International Trade information: Ministry of Commerce, Industry and Tourism, available at: [www.mincomercio.gov.co](http://www.mincomercio.gov.co).

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## Statistical annex

### Annex table 1. Colombia: inward FDI stock, 2000-2009

(US\$ billion)

Economy	2000	2008	2009
Colombia	11	67	74
Memorandum: comparator economies			
Brazil	122	288	401
Venezuela	35	43	41
Peru	11	30	37

*Source:* For Colombia, Banco de La República, Exchange Balance (Bogotá: Banco de la Republica, May 2010). For comparator economies, see UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org/fdi/>.

### Annex table 2. Colombia: inward FDI flows, 2000-2009

(US\$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 <sup>a</sup>	2010 <sup>a</sup>
Colombia	2.4	2.5	2.1	1.7	3.0	10.3	6.7	9.1	10.6	7.2	2.1
Memorandum: comparator economies											
Brazil	32.8	22.5	16.6	10.1	18.2	15.1	18.8	34.6	45.1	22.8	n.a.
Venezuela	4.7	3.7	0.8	2.0	1.5	2.6	-0.6	0.6	1.7	n.a.	n.a.
Peru	0.8	1.1	2.2	1.3	1.6	2.6	3.5	5.5	4.8	6.2	n.a.

*Source:* Banco de la República, Balance of Payments (Bogotá: Banco de la República, June 2010) for 2000-2009 data, for comparator economies see UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org/fdi/>.

<sup>a</sup> Preliminary



**Annex table 3. Colombia: distribution of inward FDI flows, by economic sector and industry, 2000-2009**

(US\$ million)

Sector / industry	2000	2009 <sup>b</sup>	2000-2005 <sup>a</sup>	2006-2009 <sup>a</sup>
<b>All sectors / industries</b>	<b>2,436</b>	<b>7,201</b>	<b>1,606</b>	<b>3,770</b>
<b>Primary</b>	<b>123</b>	<b>5,742</b>	<b>614</b>	<b>2,167</b>
Agriculture, forestry, and fishing	0	14	2	12
Mining, quarrying and petroleum	123	5,727	612	2,155
Mining and quarrying	507	3,094	406	860
Petroleum	-384	2,633	206	1,294
<b>Secondary</b>	<b>535</b>	<b>822</b>	<b>524</b>	<b>688</b>
Manufactures	556	536	526	569
Construction	-21	286	-2	119
<b>Services</b>	<b>1,179</b>	<b>638</b>	<b>445</b>	<b>915</b>
Commerce, restaurants, hotels	10	644	81	345
Utilities	13	-977	-2	-121
Transport, warehouse and communications	876	337	204	267
Financial establishments	792	549	153	400
Communal services	88	85	9	25

Source: Banco de la República, "Balance of payments" (Bogotá: Banco de la República, June 2010).

<sup>a</sup> Average

<sup>b</sup> Preliminary

**Annex table 4. Colombia: geographical distribution of inward FDI flows, 2000-2009**

(US\$ million)

Region/economy	2000	2009 <sup>b</sup>	2000-2005 <sup>c</sup>	2006-2009 <sup>c</sup>
<b>World</b>	<b>3,266.1</b>	<b>2,669.3</b>	<b>2,987.4</b>	<b>3,619.8</b>
<b>Developed economies</b>	<b>2,158.8</b>	<b>904.4</b>	<b>2,054.4</b>	<b>1,588.7</b>
<b>Europe</b>	<b>1,369.5</b>	<b>-1,531.6</b>	<b>1,278.9</b>	<b>-212.4</b>
<b>European Union</b>	<b>1,317.0</b>	<b>-1,598.6</b>	<b>1,245.1</b>	<b>-206.9</b>
United Kingdom	405.0	385.6	732.0	159.4
France	2.9	113.0	30.8	81.6
Luxembourg	105.2	99.6	21.9	55.6
Sweden	15.6	32.4	10.8	8.5
Spain	479.2	-326.9	272.9	254.5
Netherlands	156.2	-1,859.2	125.9	-849.6
<b>North America<sup>d</sup></b>	<b>784.2</b>	<b>2,400.6</b>	<b>760.9</b>	<b>1,783.7</b>
Canada	663.9	78.3	146.6	39.2
United States	120.3	2,313.6	614.2	1,742.1
<b>Other developed economies</b>	<b>5.1</b>	<b>35.4</b>	<b>14.6</b>	<b>17.5</b>
Australia	0.0	34.6	4.5	11.6
Japan	5.1	0.7	10.1	5.9
<b>Developing economies</b>	<b>1,125.2</b>	<b>1,764.9</b>	<b>933.0</b>	<b>2,023.2</b>
<b>Asia and Oceania</b>	<b>4.5</b>	<b>2.1</b>	<b>4.4</b>	<b>12.6</b>
China	4.5	0.3	2.3	0.0
India	0.0	0.5	0.0	2.4
<b>Latin America and Caribbean</b>	<b>1,120.7</b>	<b>1,760.2</b>	<b>928.7</b>	<b>2,010.6</b>
Bermuda	253.4	287.1	216.5	84.6
Brazil	4.6	47.4	5.4	180.2
Chile	9.7	53.7	10.2	36.6
Mexico	23.1	202.8	192.3	246.6
Panama	259.0	337.1	130.3	453.4
Virgin Islands	488.8	4.6	240.9	108.0
<b>Profit reinvestments</b>	<b>-445.8</b>	<b>1,898.7</b>	<b>282.1</b>	<b>1,914.2</b>
<b>Petroleum sector</b>	<b>-383.9</b>	<b>2,633.1</b>	<b>413.9</b>	<b>2,838.2</b>

Source: Banco de la República, Balance of Payments (Bogotá: Banco de la República, June 2010).

<sup>a</sup> Excluding petroleum and profits reinvestments.

<sup>b</sup> Preliminary.

<sup>c</sup> Average.

<sup>d</sup> Including Puerto Rico

**Annex table 5. Colombia: principal foreign affiliates in country, ranked by sales and assets, 2009**

US\$ million

Rank	Name of affiliate	Industry	Sales	Assets
1	Almacenes Exito	Wholesale distribution	3,233	3,094
2	Exxon Mobil Colombia	Oil and gas operations	2,272	512
3	Telefonica Colombia	Telecommunications	1,773	4,364
4	Carrefour Colombia	Wholesale distribution	1,726	1,703
5	Bavaria	Beverages	1,717	4,757
6	Avianca	Transport	1,621	1,581
7	Drummond	Coal	1,508	2,316
8	Chevron Petroleum	Natural gas	1,224	692
9	GM Colmotores	Automotive	1,047	554
10	Alkosto	Wholesale distribution	780	527

Source: La nota económica, *Empresas Platinum de Colombia 2009*.

**Annex table 6. Colombia: main M&A deals, by inward investing firm, 2007-2009**

Year	Acquiring company	Home economy	Target company	Target industry	Shares acquired (%)	Estimated/announced transaction value (US\$ million)
2009	Vale	Brazil	Cementos Argos SA-Coal Mine	Cement, hydraulic	100.0	373.0
2009	Kimberly-Clark Corp	United States	Colombiana Kimberly Colpapel	Sanitary paper products	100.0	289.0
2009	Investor Group	Chile	Bavaria SA-Agua Brisa Bottled	Bottled & canned soft drinks & carbonated waters	100.0	92.0
2009	Cencosud	Chile	Easy Colombia SA	Grocery stores	100.0	60.0
2008	GE Money	United States	Banco Colpatría SA	Banks	39.3	227.95
2008	Pacific Rubiales Energy Corp	Canada	Kappa Energy Holdings Ltd	Crude petroleum and natural gas	100.0	168.0
2008	Indura SA	Chile	Cyrogas SA	General industrial machinery and equipment	100.0	139.2
2008	Brysam Global Partners	United States	Banco Caja Social SA	Banks	18.8	101.7
2007	Telefonica SA	Spain	Colombia Telecomunicaciones SA	Telephone communications, except radiotelephone	50.0	2,627.2
2007	Ashmore Energy Intl Ltd	United States	Promigas SA	Natural gas transmission	52.9	510.0
2007	Grupo Votorantim	Brazil	Acerías Paz del Río SA	Steel works, blast furnaces, and rolling mills	51.9	488.6
2007	Groupe Casino	France	Almacenes Exito SA	Grocery stores	61.5	326.6

Source: Thomson ONE Banker, Thomson Reuters.

**Annex table 7. Colombia: main greenfield projects, by inward investing firm, 2007-2009**

<b>Year</b>	<b>Investing company</b>	<b>Home economy</b>	<b>I Industry</b>	<b>Estimated/ announced investment value (US\$ million)</b>
2009	Xstrata	Switzerland	Bituminous coal and lignite	1,962
2009	Vale	Brazil	Bituminous coal and lignite	305
2009	Grupo Cisneros	Venezuela	Entertainment	250
2008	Glencore International	Switzerland	Coal, oil and natural gas	3,000
2008	Votorantim Group	Brazil	Metals	1,500
2008	Endesa	Spain	Alternative/renewable energy	900
2007	Millicom International Cellular	Luxembourg	Communications	500
2007	ED&F Man	United Kingdom	Food and tobacco	270
2007	Ample Auto	China	Automotive OEM	323

*Source:* fDi Intelligence, a service from the Financial Times Ltd.; Proexport, “Inversion extranjera directa en Colombia, business analysis.”