ALBERTO LORA
DIRECTOR PROCOLOMBIA PERÚ y BOLIVIA

C O L O M B I A
an export and investment platform in the Americas
<table>
<thead>
<tr>
<th>2015 Indicators</th>
<th>South Korea</th>
<th>Colombia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>50.6 millions</td>
<td>48.2 millions</td>
</tr>
<tr>
<td>GDP</td>
<td>USD 1,377,873.0 millions</td>
<td>USD 292,091 millions</td>
</tr>
<tr>
<td>Per capita GDP</td>
<td>USD 27,221.5</td>
<td>USD 6,059</td>
</tr>
<tr>
<td>GDP Growth</td>
<td>2.6%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Annual Inflation rate</td>
<td>0.7%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Fiscal Deficit</td>
<td>0.0%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Unemployment</td>
<td>3.5% (2014)</td>
<td>9.1% (2014)</td>
</tr>
<tr>
<td></td>
<td>3.6% (2015)</td>
<td>8.9% (2015)</td>
</tr>
<tr>
<td>Total Public Debt</td>
<td>44.8% of GDP</td>
<td>46.9% of GDP</td>
</tr>
<tr>
<td>External Debt</td>
<td>27.7% of GDP</td>
<td>41.7% of GDP</td>
</tr>
<tr>
<td>Expected GDP Growth 2016</td>
<td>2.7% according to IMF</td>
<td>2.3% according to IMF/2% according to Banrep</td>
</tr>
</tbody>
</table>
Colombia has always been a strong ally to South Korea.
Colombia- a military ally that supported South Korea during the Korean War

A History of Partnership

- **Colombia, the only** Latin American country to **send soldiers** during the Korean War.
- **First time in 127 years** that Colombian forces **engaged in foreign** military operations.
- Between 1951 and 1954, **4,314 Colombian soldiers served**.

Source: The Medal Hound: Colombia in Korea
Colombia, also a strategic diplomatic and economic ally

- Direct diplomatic representation since 1962.
- Bilateral trade presented a dynamic growth, *(USD 388 million in 2003 to USD 1.44 billion in 2013).*

Leading to...

- In 2009, negotiations towards an FTA began, negotiations concluded in 2012
- In 2016, In force.

Source: Inter-American Development Bank
Now, Colombia and South Korea are strong commercial allies

The Colombia- Korea FTA

- **First FTA** between Colombia and an Asian economy.
- The trade agreement guarantees a **preferential and permanent** relationship.
- **In July 2016**, the FTA came **into force**.

Source: Ministry of Commerce, Industry and Tourism
The Korea – Colombia FTA released more than 200 products

More than 6,000 products will have zero tariff

<table>
<thead>
<tr>
<th>Base tariff</th>
<th>Products with exportable supply and a large demand in South Korea</th>
<th>Examples</th>
</tr>
</thead>
</table>
| 10%-17.5%   | 29                                                             | - Substances used in Food industry.  
- Belts.  
- Cotton shirts for women or girls.  
- Footwear with outer soles of rubber, plastic or natural leather.  
- Cotton shirts for men or boys.  
- Cotton shirts, blouses and polo shirt, coats, caps and similar, for men and boys. |
| 6%-8%       | 115                                                            | - Polypropylene, in all kind of primary forms.  
- Medicines made of different antibiotics.  
- Toast coffee, decaffeinated and non-decaffeinated coffee  
- Vehicles for people’s transportation with an engine above 1,500.  
- Parts of spark ignition engines.  
- Machinery focuses on cold production and their respective parts, Coloring agents, pigments and the base ingredients for production of these products.  
- Stainless products and other stabilizer goods. |
| 1.5%-5.5%   | 57                                                             | - Coffee.  
- Binding products for molding containers.  
- Discs, tapes, data storage devices based on semiconductors equipment.  
- Toluene (methyl benzene).  
- Iron oxides and iron hydroxides  
- Pieces of leather and Leather crafting products. |

Source: Ministry of Trade, Industry and Commerce
Note: Referring to most products of the sector, however the exporter is recommended to check the specific product.
WHY COLOMBIA?

A STRATEGIC PLATFORM FOR DOING BUSINESS

A DYNAMIC AND STABLE ECONOMY

A MIDDLE CLASS RAPIDLY GROWING

STRENGTH PROTECTION FOR FDI
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Colombia has 16 trade agreements, reaching 1.5 billion consumers.
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Colombia - A dynamic and stable economy

Gross Domestic Product, Annual growth rate
2005-2016

- Colombia: 4.3%
- Mexico: 4.1%
- Costa Rica: 3.6%
- Ecuador: 3.3%
- Brazil: 2.2%
- Canada: 1.6%
- United States: 1.4%
- Peru: 5.6%

Source: Global competitiveness Index, 2016.

Macroeconomic stability index
World ranking 2016-2017

- Colombia: 53
- Mexico: 56
- Canada: 83
- United States: 126

Source: Global competitiveness Index, 2016.
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- A DYNAMIC AND STABLE ECONOMY
- A MIDDLE CLASS RAPIDLY GROWING
- STRENGTH PROTECTION FOR FDI
Remarkable reduction in poverty rates and strong growth of the middle class

Percentage of people in poverty

Source: DANE (National Statistical Office)
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- STRENGTH PROTECTION FOR FDI
Colombia – a top destination for a safe investment

Colombia ranks:
- First in the Legal rights index (Worldwide)
- First in the strength of investor protection Index (LAC region)

Source: Global competitiveness Index, 2016.
According to Doing Business, within the Latin American and Caribbean region, Colombia is:

- **#1** in getting credit
- **#1** in protecting minority investors
- **#2** in dealing with construction permits
- **#2** in ease of doing business
- **#3** in registering property
- **#5** in starting a business

### Colombia

Has implemented the most reforms in Latin America to improve business environment

<table>
<thead>
<tr>
<th>Country</th>
<th>Ranking 2017</th>
<th># of reforms 2006-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombia</td>
<td>53</td>
<td>34</td>
</tr>
<tr>
<td>Peru</td>
<td>54</td>
<td>24</td>
</tr>
<tr>
<td>Panama</td>
<td>70</td>
<td>17</td>
</tr>
<tr>
<td>Ecuador</td>
<td>114</td>
<td>13</td>
</tr>
<tr>
<td>Argentina</td>
<td>116</td>
<td>10</td>
</tr>
<tr>
<td>Chile</td>
<td>57</td>
<td>8</td>
</tr>
<tr>
<td>Mexico</td>
<td>47</td>
<td>5</td>
</tr>
<tr>
<td>Brazil</td>
<td>123</td>
<td>4</td>
</tr>
</tbody>
</table>

Colombia is leading a sustainable growth in the region

GDP growth vs. Consumption
2012-2015 - (%)

GDP growth vs. Total Investment
2012-2015 - (%)

Source: ProColombia based on World Bank data. Bubble sizing responds to the economy size.
Colombian exports to South Korea
From 2015 to 2016, the share of non-mining sector exports increased 8%.

In 2016, non-mining exports represented 46% of Colombian exports, compared to 2015 where they represented 42%.

Source: DANE. Calculations by ProColombia
Non-mining sector exports represented 46% of Colombian exports to South Korea in 2016

Evolution of Colombian Exports to South Korea
2010-2016 (USD millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Mining</th>
<th>Non-mining</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>145.3</td>
<td>227.3</td>
<td>372.7</td>
</tr>
<tr>
<td>2011</td>
<td>185.4</td>
<td>90.8</td>
<td>276.1</td>
</tr>
<tr>
<td>2012</td>
<td>218.3</td>
<td>117.7</td>
<td>335.9</td>
</tr>
<tr>
<td>2013</td>
<td>125</td>
<td>104.9</td>
<td>229.9</td>
</tr>
<tr>
<td>2014</td>
<td>376.2</td>
<td>143.5</td>
<td>519.7</td>
</tr>
<tr>
<td>2015</td>
<td>229.4</td>
<td>86.2</td>
<td>315.6</td>
</tr>
<tr>
<td>2016</td>
<td>184.2</td>
<td>217.8</td>
<td>402.1</td>
</tr>
</tbody>
</table>

Source: DANE. Calculations by ProColombia
Coffee was the subsector that exported the most to South Korea in 2016

<table>
<thead>
<tr>
<th>Subsector</th>
<th>USD FOB 2015</th>
<th>USD FOB 2016</th>
<th>Variation %</th>
<th>Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>69,615,000</td>
<td>89,936,756</td>
<td>29.2%</td>
<td>48.8%</td>
</tr>
<tr>
<td>Metallurgy</td>
<td>49,317,198</td>
<td>68,668,192</td>
<td>39.2%</td>
<td>37.3%</td>
</tr>
<tr>
<td>Diverse products from the chemical industry</td>
<td>9,426,757</td>
<td>9,534,006</td>
<td>1.1%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Coffee byproducts</td>
<td>3,999,741</td>
<td>5,045,740</td>
<td>26.2%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Fresh Flowers</td>
<td>2,959,603</td>
<td>2,846,241</td>
<td>-3.8%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Sugars and honeys</td>
<td>2,042,846</td>
<td>1,561,926</td>
<td>-23.5%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Leather</td>
<td>745,487</td>
<td>842,160</td>
<td>13%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Electric appliances</td>
<td>47,820</td>
<td>768,208</td>
<td>1506.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Leather manufactures</td>
<td>1,377,994</td>
<td>675,853</td>
<td>-51%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Confectionery products</td>
<td>223,841</td>
<td>673,227</td>
<td>200.8%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Others</td>
<td>3,415,164</td>
<td>3,665,570</td>
<td>7.3%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>143,171,452</strong></td>
<td><strong>184,217,878</strong></td>
<td><strong>28.7%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: DANE. Calculations by ProColombia
Colombia has a wide variety of products with export opportunities to South Korea

**Agribusiness**
- Alcoholic and non-alcoholic beverages
- Bakery products
- Cereals
- Cocoa beans
- Cocoa byproducts
- Coffee beans
- Coffee byproducts
- Cut flowers
- Fresh fruits (banana, pineapple and pitahaya)
- Processed fruits and vegetables
- Sugar and honey
- Sugar confectionery

**Chemicals and Life Sciences**
- Cosmetics and personal care
- Chemicals

**Metalworking and other industries**

**Handicrafts**

**Fashion System**
- Leather manufactures
- Casual clothes
- Sportswear
- Underwear
- Swimwear

**Industries 4.0**
- Digital animation
- Mobile apps / videogames
- Audiovisual (locations, advertising and movies)
- Software and IT
Colombian cocoa has been named fine and flavor cocoa by the ICCO. Only 5% of the world's commercial cocoa beans earn this title.

In 2016, South Korea imported USD 27 millions of cocoa beans.

Coffee

Colombia is the world's main producer of soft coffee and special coffees that stand out due to their origin, plantation technique, and benefits with premium qualities.

In 2016, South Korea imported USD 421 millions of coffee beans (19.5% of total).

Cut flowers

Colombia has more than 45 years of export experience in the flower business. The country is the second exporter of cut flowers in the world.

In 2016, South Korea imported USD 24.7 millions of fresh flowers (24% of total).
Fresh fruits

Colombian supply is composed of a great variety of both tropical and exotic fruits. This includes yellow pitahaya, banana and pineapple.

In 2016, South Korea imported USD 870 millions of fresh fruits.

Processed fruits and vegetables

Due to the great variety of fruits and vegetables in Colombia, companies have focused in transforming them into pulped, dehydrated, concentrated, freeze-dried and frozen products.

In 2016, South Korea imported USD 909 millions of processed fruit and vegetables.
South Korea and Colombia are closer
### Maritime connectivity

Colombian ports offer more than **34** services, direct and in connection, provided by **17** shipping lines.

<table>
<thead>
<tr>
<th>Origin</th>
<th>Destination</th>
<th>Connections</th>
<th>Transit time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barranquilla</td>
<td>Pusan Busan</td>
<td>Direct</td>
<td>23</td>
</tr>
<tr>
<td>Buenaventura</td>
<td>Pusan Busan</td>
<td>Manzanillo - Panama</td>
<td>31</td>
</tr>
<tr>
<td>Cartagena</td>
<td>Manzanillo</td>
<td>Manzanillo - Mexico</td>
<td>26</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Origin</th>
<th>Destination</th>
<th>20´ container</th>
<th>40´ container</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic coast</td>
<td>Pusan Busan</td>
<td>810 - 900</td>
<td>1000 - 1300</td>
</tr>
<tr>
<td>Pacific coast</td>
<td>Pusan Busan</td>
<td>700 - 850</td>
<td>900 - 1250</td>
</tr>
</tbody>
</table>
Colombia has more than 13 export routes for cargo in connection operated by 9 airlines.
We promote tourism

We promote exports

We promote investment and industrial expansion for internationalization

We promote the country brand
Worldwide presence of ProColombia

32 countries