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Editor-in-Chief: [Karl P. Sauvant](#)

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Outward FDI from Colombia and its policy context

by

Ana-María Poveda Garcés*

Outward foreign direct investment (OFDI) from Colombia has increased considerably in the past decade, with its stock growing from US\$ 3 billion in 2000 to US\$ 23 billion in 2010. This growth reflects the internationalization of the Colombian economy following policy reforms and economic liberalization in the 1990s. The 2000s were characterized by enhanced national security and reforms to the investment framework that have attracted unprecedented levels of inward FDI and facilitated the growth of small and medium-sized enterprises (SMEs). A considerable rise in domestic mergers and acquisitions (M&As) in the past decade has contributed to the development of Colombian multinational enterprises (MNEs) and to increased OFDI from Colombia. In 2010, outflows showed a twenty-fold increase from their value in 2000, including an increase in OFDI to export markets, helped by greater government support for OFDI, for example by the conclusion of more international investment agreements. The rise of Colombian MNEs, or “translatinas” (i.e. Latin American MNEs whose OFDI is primarily within Latin America), reflects Colombia’s nascent structural transformation into a knowledge-based economy. Together with Chile and Peru, Colombia has recently created the first regionally-integrated stock exchange in the region, the Mercado Integrado Latinoamericano (MILA), which is likely to facilitate FDI flows.

Trends and developments

Latin American corporations are going global,¹ as reflected in their higher OFDI growth rates in recent years, compared to those of a decade earlier. Colombia, Latin America’s fifth largest economy, has joined the leaders of this trend, especially since 2005. Colombia’s OFDI stock

*Ana-María Poveda Garcés (ap2817@columbia.edu) holds a Masters degree in Public Administration from Columbia University. She previously was a consultant for the Ministry of Foreign Affairs of Colombia, the Economist Intelligence Unit (EIU) and the United Nations Development Programme (UNDP) in Tanzania. The author wishes to thank Thomas Jost, Gianluca Mele and José Antonio Ocampo for their helpful comments. The views expressed by the author of this *Profile* do not necessarily reflect the opinions of Columbia University, its partners and supporters. *Columbia FDI Profiles* (ISSN 2159-2268) is a peer-reviewed series.

¹ UNCTAD, *World Investment Report 2010: Investing in a Low Carbon Economy* (Geneva: United Nations, 2010), p. XIII.

grew from an insignificant US\$ 136 million in 1980 to US\$ 3 billion in 2000, and then to US\$ 23 billion in 2010, nearly an eight-fold increase during the past decade (annex table 1).² Colombian OFDI flows in 2000 were relatively insignificant at US\$ 325 million, after which they grew rapidly. While Colombia's real GDP grew by 185% from 2000 to 2010,³ OFDI flows increased twenty-fold (annex table 2). Colombia's OFDI: GDP ratio thus rose from 0.1% to 1.5% in the same period.⁴ An increasing proportion of Colombia's OFDI is directed toward host countries in Latin America, and most Colombian MNEs are translatinas.

Country-level developments

Colombia's 1991 constitutional reform entailed changes in its regulatory framework that opened the economy to world trade. Major investment policy reforms followed in the 1990s and 2000s (see below). After stagnant growth in the 1990s and following the crisis years of the late 1990s, Colombia experienced a strong economic upswing in the second half of the 2000s, one of its best performances since the late 1960s. The country's security situation also improved remarkably during the presidency of Alvaro Uribe (2002-2010).

As a result, enhanced investor confidence coupled with sound macroeconomic policy and a rich resource base contributed to a strong increase in real GDP that averaged 4.1% annually in 2000-2010.⁵ In the same period, exports tripled,⁶ inward FDI stock more than sextupled⁷ and the financial sector more than doubled (as measured by assets).⁸ The Colombian stock exchange, Bolsa de Valores de Colombia (BVC), experienced a fourteen-fold increase in market capitalization and index growth during the 2000s,⁹ and the economy began commercial and financial integration with other regional economies, with large intra-regional capital flows and more pro-investment policy-making. In 2010, Chile, Colombia and Peru announced the creation of the region's first integrated stock market, the Mercado Integrado Latinoamericano (MILA).

At the beginning of 2011, Standard & Poor's raised the sovereign rating of Colombia to investment grade, two levels behind Chile, and, along with those of Brazil, Mexico, Panama, and Peru, ahead of Argentina and Venezuela. By the second quarter of 2011, the other two rating agencies, Moody's and Fitch, had joined S&P in giving Colombia an investment grade rating. That Colombia has earned back investor confidence not only attests to the country's mix of liberal frameworks for trade and investment with rather conservative regulatory, macroeconomic (especially monetary) and financial-sector practices, but also constitutes a safeguard against political risk, while positioning its economy and corporate players prominently in the region.

² UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org>; Banco de la República, available at: <http://www.banrep.org>.

³ Departamento Administrativo Nacional de Estadística (DANE), available at: www.dane.gov.co.

⁴ Author's estimates using GDP data from the Economist Intelligence Unit (EIU) and OFDI data from UNCTAD, given in annex table 2 in the statistical annex to this publication.

⁵ Departamento Administrativo Nacional de Estadística (DANE), available at: www.dane.gov.co.

⁶ Ibid.

⁷ Banco de la República, available at: <http://www.banrep.gov.co>.

⁸ Ibid.

⁹ Author's calculations using BVC annual reports 2001 and 2010.

While Colombia's OFDI flows started from an insignificant base in 2000, their growth rate during the past decade has shown considerable momentum: Colombian OFDI flows grew twenty-fold in the 2000s, from US\$ 325 million in 2000 to US\$ 6.5 billion in 2010 (annex table 2).¹⁰ A 2005 reform consolidated financial regulatory bodies into one entity, the Financial Superintendence (Superintendencia Financiera), perhaps one of Colombia's most important steps toward regulatory efficiency in its domestic financial markets. After this consolidation, domestic M&As have soared, contributing to the development of many MNEs.

The sectoral and industry distribution of Colombia's OFDI is evolving. During the 1990s, the secondary and services sectors together accounted, on average, for more than 95% of Colombia's OFDI flows (annex table 3), with financial services accounting for the single largest share of OFDI in the ten-year period. In the past decade (2000-2009), OFDI in the services sector still continued to grow, albeit not as aggressively as in the primary sector. As Colombia's economy gradually shifted to a knowledge-based economy, cross-border investment in services (other than financial) increased rapidly (see annex table 3). Since 2007, however, Colombian FDI outflows were strongly dominated by large investments by Ecopetrol SA, now a public-private holding that was privatized in that year. Since then, the primary sector has accounted for roughly 70% of Colombia's OFDI, with petroleum and natural gas accounting for most investment.

In 2010, the main recipient economies of Colombia's OFDI flows included Bermuda (US\$ 2.1 billion), the British Virgin Islands (US\$ 1.4 billion), Guatemala (US\$ 661 million), the United Kingdom (US\$ 631 million), Panama (US\$ 414 million), the United States (US\$ 375 million), Peru (US\$ 307 million), Chile (US\$ 282 million), and Brazil (US\$ 189 million) (annex table 4). There is no specified economic activity in the case of Bermuda and the British Virgin Islands other than financial, suggesting a possible outflow of capital to avoid home-country taxes. Also, it is difficult, on the basis of standard data, to determine how much of this capital has returned to the country as "round-tripping" FDI.

The corporate players

Colombia has shown a tendency for state-owned enterprises to be turned into national champions, as in the case of Ecopetrol SA, Interconexión Eléctrica (ISA), Empresas Públicas de Medellín, and, most recently, Empresas de Telecomunicaciones de Bogotá (ETB). These largely state-owned enterprises rank among the top Colombian MNEs, with OFDI mainly (but not exclusively) flowing from them to Latin American economies.

- Colombia's largest company, Ecopetrol SA, is one of the world's top 40 oil companies. It has activities in Colombia, the United States, Brazil, and Peru, more than tripling its production since 2005.¹¹ Ecopetrol SA had its initial public offering on the Colombian stock exchange in 2007, selling to 500,000 shareholders and raising equity capital of more than COP 7.7 billion.¹²

¹⁰ Banco de la República, available at: <http://www.banrep.gov.co>.

¹¹ Ecopetrol, *Who Are We?*, available at: www.ecopetrol.com.co.

¹² Ecopetrol, *Annual Reports 2007; 2008; 2009; 2010*.

- Colombia's Interconexión Eléctrica S. A. (ISA) is one of Latin America's largest electricity providers, with operations in Brazil, Chile, Ecuador, Panama, Peru, and Venezuela.¹³ It has evolved from being just an electricity company by diversifying its investment portfolio into multiple infrastructure projects, including transportation and telecommunications, under a cost-effective model entitled "lineal infrastructure systems" (e.g. fiber-optics for communications connected to the electricity grid).¹⁴
- Empresas Públicas de Medellín (EPM) is the largest electricity provider in Colombia, serving roughly 25% of the national demand for electricity. EPM is developing the Bonyic hydroelectric project in Panama, and has grown considerably both in assets and capacity in 2000-2010. Along with ISA, EPM is largely a public holding operating with a minority stake of private capital.¹⁵
- In the financial services industry, Grupo Bancolombia, a rapidly developing translatina, is by far the largest corporate player. In 2007, Bancolombia completed one of Central America's largest deals with the US\$ 790 million acquisition of Banagrícola in El Salvador.¹⁶ This transaction represented Bancolombia's entry into the international financial services market, positioning the company as a key player in Central America. Bancolombia has also invested in foreign affiliates in Brazil, the United States, Puerto Rico, Panama, and Peru.¹⁷
- Argos, a Colombian cement translatina, started its internationalization in 2000 after acquiring the debt-stressed Belgian firm Holcim's holdings in the Dominican Republic, Haiti and Panama, thus opening the door for the company's expansion and consolidation in the Caribbean. Argos operates today in the southern United States, Mexico, Central America, the northern part of South America (Colombia), and various islands in the Caribbean.¹⁸
- Terpel, a gasoline distributor, had been for many years (before Ecopetrol's transformation) Colombia's largest company by turnover, which reached US\$ 3.4 billion in 2009.¹⁹ With activities in Chile, Ecuador, Mexico, Panama and Peru, the company competes today for second place in turnover after Ecopetrol SA.²⁰
- Another important translatina that internationalized its production in the 2000s after going through a strategic sequence of local acquisitions is Grupo Nacional de Chocolates (GNC), now called Grupo Nutresa after its recent acquisition in 2009 of the Mexican

¹³ After the company's first IPO a decade ago, ISA has been able to raise equity capital to finance rapidly increasing operations and investments across Latin America through cross-border M&As as well as greenfield projects (see annex tables 6 and 7 for examples).

¹⁴ Interconexión Eléctrica S. A. (ISA), *Annual Report: 2008; 2009*.

¹⁵ Empresas Públicas de Medellín (EPM), *Annual Report: 2009*.

¹⁶ Thomson Reuters, Thomson ONE Banker.

¹⁷ Ibid.

¹⁸ Argos, Cementos, *Annual Reports 2010 and 2009*; Inversiones Argos, *Annual Report 2010*.

¹⁹ Terpel, *Annual Report 2009*; exchange rate as at April 28, 2011 from Banco de la República, available at: www.banrep.gov.co.

²⁰ Ibid.

food company Nutresa, which produces chocolate-based confectionary. After beginning its operational expansion in Ecuador and Venezuela, the emerging food conglomerate is now operating in 14 economies.²¹

- Avianca, Colombia's oldest airline went in one decade from filing for Chapter 11 bankruptcy in New York to becoming one of the region's largest, most competitive airlines. Avianca's most recent acquisition of 10% of Central America's Taca has made Avianca-Taca a competitor with a strong presence outside Colombia, reaching more than 100 destinations globally and 75 in Latin America; with operations in Colombia, Costa Rica, El Salvador, and Peru, Avianca-Taca delivers an improved service to more than 30 million clients annually.²²

Annex table 6 shows the largest cross-border M&As by Colombian MNEs during 2008-2010.²³ Some large transactions have taken place, such as the ISA acquisition of Cintra Concesiones (Chile) for US\$ 2.6 billion, as well as the acquisition of Grupo Aval of BAC (Panama) for US\$ 1.9 billion and the EPM acquisition of DECA II (Guatemala) for US\$ 758 million.

Recent greenfield projects completed by Colombian translatinas are shown in annex table 7. Newly emerging MNEs include Juan Valdez (Procafecol), Grupo Aval, ETB, Promigas, Gerfor, Grupo Phoenix, Casa Luker, Allus Global BPO Center, Zemoga, Supertex, Intergrupo, Corona, Ultrabursatiles, Ajoever, Colpatria, Corona, and Deprisa.

Effects of the recent global crisis

In spite of the global economic and financial crisis in 2008-2009, Colombia's economy has continued to grow in recent years. Although real GDP growth declined to 3.5% in 2008 and to 1.5% in 2009 (from an annual average of 4.5% in 2001-2007), the Colombian economy was less affected by the crisis than many other economies. Real GDP growth rates cited above were similar to those of the recession recovery years of 2001 (1.7%) and 2002 (2.5%).²⁴ In 2010, real GDP grew by 4.3%,²⁵ showing a recovery stronger than some major world economies, but slower than those of comparable economies such as Argentina, Brazil, Chile, Mexico, and Peru.²⁶

²¹ Nutresa: *Annual Report 2009*; Thomson Reuters, Thomson ONE Banker.

²² Avianca, "News", available at: www.avianca.com.co

²³ Similarly large cross-border M&A transactions took place in the middle of the 2000-2010 decade, for example in 2005 Grupo Santo Domingo sold its share in Bavaria (78.1% of the company's assets) in exchange for 15.1% of SAB Miller (United Kingdom) for US\$ 7.8 billion, the single largest transaction in Latin America that year. Also in 2005, Colpatria bought from Citibank the pension fund from Colfondos for an undisclosed amount; Grupo Mundial bought a Brazilian tubes and water conduction company, while investing in a greenfield project in Curacao; and Progel and Gelco acquired shares of Kraft both in Ecuador and Brazil, making the company one of the world's largest gelatin producers.

²⁴ Based on data from Colombia's Departamento Administrativo Nacional de Estadística (DANE), available at: www.dane.gov.co.

²⁵ Ibid.

²⁶ According to Economist Intelligence Unit (EIU), GDP growth in 2010 for Argentina was 9.2%, Brazil 7.5%, Chile 5.2%, Mexico 5.5%, and Peru 8.8%.

Strong domestic investment and IFDI flows contributed substantially to an increase in gross fixed capital formation, which peaked in 2010 at an 11% growth rate.²⁷ Inward FDI flows grew from US\$ 2.4 billion in 2000 to US\$ 10.6 billion in 2008, and while they decreased slightly to US\$ 7.2 billion in 2009, IFDI stock continued its upward trend, rising from US\$ 67 billion in 2008 to US\$ 74 billion in 2009.²⁸ OFDI flows emerged virtually unshaken from the crisis, peaking in 2010 at US\$ 6.5 billion, a six-fold increase vis-à-vis 2007. Some of today's translatinas, including Cementos Argos, EPM, and Grupo Nacional de Chocolates (Nutresa),²⁹ took advantage of the crisis to invest at record low cost and thus expand abroad.

The policy scene

In the 1990s, the Colombian Government's predominant method of encouraging international economic transactions did not go beyond supporting trade activities in export markets. Today's key recipients of OFDI from Colombia are in most cases also the main recipients of Colombian exports. During the past decade, Colombia has revised its investment framework with efforts directed at promoting investment and the emergence of translatinas.

In 2005, after the creation of the Superintendencia Financiera, procedures and transaction costs for domestic M&As improved, so Colombia's largest MNEs were able to capitalize on domestic expansion through innumerable local acquisitions that positioned many of the top firms on a path of further growth and internationalization.³⁰ Also in 2005, "*Ley 963 de 2005*" established legal stability for investors, both foreign and domestic.³¹

In 2006, the Uribe Government focused on investment, dedicating Chapter Four of the *National Plan of Development 2006-2010* to laying out a national blueprint for facilitating investment,³² as well as embarking on a new era of investment promotion by promoting security, stability and competition at home.³³ Then in 2008, the Government enacted "*Ley 1253 de 2008*" in which it regulates "productivity and competitiveness (...) that facilitate the incorporation of Colombia in the global economy and better export performance".³⁴ The combination of these policies has served to strengthen Colombian enterprises and their ability to invest abroad.

²⁷ Departamento Administrativo Nacional de Estadística (DANE), available at: www.dane.gov.co.

²⁸ Miguel Posada Betancourt, "Inward FDI in Colombia and its policy context", in Karl P. Sauvart, Thomas Jost, Ken Davies, and Ana-Maria Poveda-Garces, eds., *Inward and Outward FDI Country Profiles* (New York: VCC, 2011).

²⁹ Thomson Reuters, Thomson ONE Banker; fDi markets database, a service from the Financial Times.

³⁰ Domestically, the facilitating framework for M&As has made possible the merger of various banks, making the whole system more effective. The largest mergers include the 2005 merger of Bancolombia, Conavi and Corfinsura—the largest single deal in the financial sector—as well as the merger of Corporación Financiera del Valle (one of the regional funding muscles for economic development) with Corficolombiana, and the merger of Caja Social with Colmena, and Davivienda and Banco Superior. This re-structuring process has further encouraged Colombian banking MNEs' growth and their OFDI.

³¹ See "*Ley 963 de 2005*", available at: www.juriscol.banrep.gov.co.

³² Gobierno Nacional de la Republica de Colombia, "*Plan Nacional de Desarrollo 2006-2010: Estado Comunitario, Desarrollo para Todos*" (Colombia: 2006).

³³ Presidencia de la Republica: *Archivos*, 2006.

³⁴ See "*Ley 1253 de 2008*," available at: www.juriscol.banrep.gov.co.

Most recently, in 2009, the Government enacted “*Ley 1340 de 2009*”, in which it regulates the “protection of free competition in the Colombian territory”, a norm that is attractive to both domestic and foreign investors.³⁵

In 2010, Chile, Colombia and Peru signed a commitment to create the first regionally integrated stock exchange, the Mercado Integrado Latinoamericano (MILA), which started trading operations on May 31, 2011.³⁶ The MILA economies constitute the market in Latin America with the highest prospects for real GDP growth (estimated at 4-6% per annum) according to the World Bank,³⁷ as well as the region’s most diversified turnover, with growing exports to Asia, Europe and the United States.³⁸ Also, MILA members’ strategic position on the Pacific coast coupled with their increasing sales to China (which seeks their commodities) and their position as the region’s friendliest host countries for foreign investors as shown in the World Bank’s 2011 *Ease of Doing Business* report³⁹ suggest that OFDI from Colombia will continue to expand.

These policy developments suggest that Colombia’s policy makers now understand the dynamism and opportunity that OFDI brings, as reflected recently in international investment agreements (IIAs). Colombia has signed six double taxation treaties (DTTs) (with Argentina, Canada, Chile, Mexico, Spain, and the United States), and nine bilateral investment treaties (BITs) (with China, Cuba, Guatemala, India, Luxembourg, Peru, Spain, Switzerland, and the United Kingdom), (while most OECD economies had signed more than 50 each by 2010).⁴⁰ Two-thirds of Colombia’s BITs were signed in the late 2000s,⁴¹ suggesting that Colombia has recently begun to take a more active role in international investment diplomacy.⁴²

In addition to expanding its network of IIAs, Colombia now faces the challenge of encouraging sustainable investment. Policy reforms are needed that can optimize investments in oil and gas in a world of twin energy-environmental crises, as well as encourage corporate social responsibility that balances the returns to Colombian MNEs with a positive environmental impact and the human, social and economic development of the host economies in which their foreign affiliates operate. In particular, Colombia must continue to strengthen its environmental impact assessment (EIA) system, as well as ensure a more effective application of international standards related to EIA in the public and private sectors (including as regards OFDI by Colombian MNEs), and in line with Colombia’s commitments under relevant international agreements.⁴³ Recent studies have concluded that Colombia has promulgated laws regulating the

³⁵ See “*Ley 1340 de 2009*,” available at: www.juriscol.banrep.gov.co.

³⁶ Mercado Integrado Latinoamericano (MILA): <http://mercadointegrado.com>

³⁷ World Bank, available at: www.worldbank.org.

³⁸ Citigroup Global Markets, “Latin America equity strategy” report (March 21, 2011).

³⁹ World Bank, *Ease of Doing Business, 2011*, available at: <http://www.doingbusiness.org/rankings>.

⁴⁰ UNCTAD, available at: <http://www.unctad.org>.

⁴¹ Ibid.

⁴² Colombia can contribute to its translatinas potential by taking more advantage of IIAs, for example by signing more DTTs and BITs to avoid double taxation on profits, dividends, interest, fees, and royalties and to safeguard OFDI against political risks.

⁴³ Colombia has signed international treaties, such as the United Nations Conference on the Human Environment (UN, 1972), the Convention on Biological Diversity (1992), the United Nations Conference on Environment and Development (UN, 2002) and the Convention on the Environmental Impact Assessment in a Trans-boundary Context (UN, 1991).

environmental impact of commercial activity,⁴⁴ but still needs to widen the (currently rather limited) scope of legal measures and administrative support, and put in place procedures for the design and implementation of environmental impact systems and follow-up and control mechanisms.⁴⁵

Colombia also faces specific challenges in infrastructure. Although the country is one of the region's largest and most developed economies, bottlenecks in transport could pose avoidable limitations to the domestic growth and corporate profits of emerging MNEs, and thereby also to job creation and GDP growth. The current administration's emphasis on infrastructure as one of the key engines of growth could contribute enormously to OFDI and GDP growth, as outlined in the *National Plan for Development 2010-2014*.

Conclusions

Colombia's OFDI has shown considerable growth after major policy reforms, enhanced security and investor confidence in the past decade. Similar growth rates were recorded in the mid-1990s after the opening of the economy to world trade and other liberalizing policies of the early-1990s. The improved security situation, a stronger financial sector with increasing capital available for local MNEs, a combination of liberalized policy in trade and investment, and conservative monetary policy and financial regulations have all also contributed to strengthening Colombia's economy and enabling the internationalization of its corporations. Colombia nevertheless faces challenges, especially in infrastructure development, in strengthening its MNEs' capabilities, and the need to take further advantage of IIAs and seek to promote sustainable OFDI.

Additional readings

Banco de la República, *Cuadernos de Historia Económica de Colombia*, at: www.banrep.gov.co.

Ocampo, José Antonio, et al., *Stability with Growth: Macroeconomics, Liberalization and Development* (New York: Oxford University Press, 2006).

Ocampo, José Antonio, "Foreword", in Daniel Chudnovsky et al., eds., *Rethinking Foreign Investment for Sustainable Development: Lessons for Latin America* (New York and London: Anthem Press, 2009).

Useful websites

Banco de la República: www.banrep.gov.co

⁴⁴ Some of these laws include: "Ley 1252 de 2008", which stipulates prohibitive norms on environmental issues related to waste and residuals, "Ley 1374 de 2010," which has resulted in the creation of the National Council on Bioethics (Consejo Nacional de Bioética –CNB), the body that will be responsible for "establishing an interdisciplinary dialogue to formulate, articulate and resolve the issues that are found in the research about the inter-connection between life, health and the environment, as well as the construction and implementation of policies related to bioethics", and "Ley 1377 de 2010", which regulates commercial reforestation.

⁴⁵ See, Javier Toro, Ignacio Requena and Montserrat Zamorano, "Environmental impact assessment in Colombia: critical analysis and proposals for improvement," in *Environmental Assessment Review*, No. 30, 2010 pp. 247-261.

Colombian Jurisprudence: www.juriscol.banrep.gov.co

Departamento Administrativo Nacional de Estadística: www.dane.gov.co

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For further information please contact: Vale Columbia Center on Sustainable International Investment, Ken Davies, Kenneth.davies@law.columbia.edu.

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Statistical annex

Annex table 1. Colombia: outward FDI stock, 1997, 2000, 2007, 2009, and 2010^a

(US\$ billion)

Economy	1997	2000	2007	2009	2010
Colombia	2	3	11	16	23
Memorandum: comparator economies					
Brazil	45	52	136	158	181
Mexico	5	8	45	54	66
Chile	5	11	32	41	50
Argentina	16	21	28	29	30
Venezuela	5	8	15	15	20
Peru	1	1	2	2	3

Source: UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org/fdi>. Data for Colombia were compiled from the balance-of- payments statistics of Banco de la República, available at: <http://www.banrep.org>.

^a All figures are in US\$ at current prices and current exchange rates.

^b Banco de la República, available at: <http://www.banrep.gov.co>.

Annex table 2. Colombia: outward FDI flows, 2000-2010^a

(US\$ million)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Colombia	325	16	857	938	142	4,662	1,098	913	2,254	3,025	6,504 ^b
Memorandum: comparator economies											
Argentina	901	161	-627	774	676	1,311	2,439	1,504	1,391	712	964
Brazil	2,282	-2,258	2,482	249	9,807	2,517	28,202	7,067	20,457	-10,084	11,519
Chile	3,987	1,610	343	1,606	1,563	2,183	2,172	2,573	8,041	8,061	8,744
Mexico	363	4,404	891	1,253	4,432	6,474	5,758	8,256	1,157	7,019	14,345
Peru	..	74	..	60	66	736	398	215
Venezuela	521	204	1,026	1,318	619	1,170	1,524	30	1,273	1,834	2,390

Source: UNCTAD's FDI/TNC database, available at: <http://stats.unctad.org/fdi>.

^a All figures are in US\$ at current prices and current exchange rates. Data for Colombia were originally compiled by the Banco de la República, available at: <http://www.banrep.gov.co>.

^b Data for Colombia for 2010 are from the Banco de la República (Subgerencia de Estudios Económicos), available at: <http://www.banrep.gov.co>.

Annex table 3. Colombia: distribution of outward FDI flows, by economic sector and industry, 1994, 2000, 2007, and 2010^a

(US\$ million)

Sector / industry	1994	2000	2007 ^b	2010 ^b
All sectors / industries	149	325.3	912.8	6,503.7
Primary	2.4	7.9	178.3	5750.4
Agriculture, forestry and fishing	2.4	-1.8	2	14
Mining, quarrying and petroleum	0.0	0	1.2	4,573.8
Electricity, gas and water	0.0	9.7	175.1	1,162.6
Secondary	82	56.2	-207.5	148.4
Manufacturing	78.2	54.9	-211.1	122.5
Construction	3.8	1.3	3.6	25.9
Services	64.6	261.3	942.1	604.8
Commerce, restaurants, hotels	6.9	13	171.4	25.2
Transport, warehouse and communications	2.7	-11.6	15	409.1
Financial establishments	54.7	225.3	745.9	109
Communal services	0.3	-1.3	11.4	58.9
Non-specified activities	0	36	-1.6	2.6

Source: Banco de la República, available at: <http://www.banrep.gov.co>.

^a Figures are in US\$ at current prices and current exchange rates.

^b Preliminary.

Annex table 4. Colombia: geographical distribution of outward FDI flows, selected years, 1994-2010^a

(US\$ million)

Region / economy	1994	2000	2005 ^b	2006 ^b	2007 ^b	2008 ^b	2009 ^b	2010 ^b
World	149	325	4,662	1,098	913	2,254	3,088	6,504
Developed economies								
Europe								
Switzerland	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.8
European Union								
Belgium	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
France	0.1	0.0	0.0	0.0	0.3	5.0	0.0	0.6
Germany	0.1	0.0	0.0	0.0	-0.1	0.0	0.0	-60.2
Malta	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.5
Netherlands	0.0	0.0	0.1	0.0	0.3	0.0	0.0	-19.0
Spain	1.9	30.8	1.0	3.0	8.0	18.9	9.2	7.0
United Kingdom	2.6	-2.6	3,445.8	37.6	1.3	0.0	0.0	630.7
North America								
Canada	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5
United States	0.9	81.0	1,058.4	252.8	596.3	1,320.9	1,020.6	375.2
Developing economies								
Africa								
Mauritius	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.3
Asia and Oceania								
China	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
India	0.0	0.0	3.6	0.4	1.6	0.0	0.0	1.1
Korea, Republic of	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1
Latin American and the Caribbean								
Argentina	0.0	-2.8	1.2	1.2	11.3	2.0	16.2	7.2
Bahamas	7.7	9.8	0.0	3.5	0.2	0.0	16.4	30.0
Barbados	0.0	0.3	0.0	0.0	0.0	0.0	0.0	7.7
Bermuda	0.0	3.0	0.1	0.0	74.7	0.0	767.1	2,146.6
Bolivia	0.1	-0.5	0.0	0.2	0.0	0.0	0.0	0.1
Brazil	0.7	1.1	0.1	305.0	172.9	408.6	146.3	189.3
Cayman Islands	1.3	-1.1	0.0	7.3	14.3	0.0	447.8	15.2
Chile	1.0	2.5	23.1	2.4	24.8	18.0	8.6	282.0
Costa Rica	0.2	0.4	5.5	104.2	4.2	9.9	0.0	1.0
Curacao	0.0	0.0	0.0	0.0	0.0	0.0	15.5	7.7
Dominican Republic	0.0	1.0	0.3	0.9	0.5	0.0	0.0	3.2
Guatemala	0.0	0.2	0.3	0.4	4.1	0.0	0.0	661.3
Jamaica	0.0	0.1	0.1	0.0	0.0	0.0	0.0	28.2
Mexico	3.5	4.7	4.7	13.7	67.3	181.4	98.0	-4.9
Netherlands Antilles	0.0	0.0	0.0	0.0	55.7	0.0	0.0	69.7
Panama	66.3	86.0	76.3	288.0	181.3	275.5	340.3	414.0
Peru	2.9	16.8	4.9	10.4	364.3	-46.0	62.8	307.2
Salvador	0.0	0.0	1.6	8.3	0.1	0.0	23.4	0.4
Suriname	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7
Uruguay	0.0	0.7	0.0	0.0	0.6	0.0	7.6	8.5
Venezuela	41.8	90.6	3.9	2.7	5.9	4.7	0.0	0.5

British Virgin Islands	1.1	-2.1	12.8	45.8	21.6	0.0	100.9	1,360.8
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Source: Banco de la República, available at: <http://www.banrep.gov.co>.

^a Figures are in US\$ at current prices and current exchange rates.

^b Provisional.

Annex table 5. Colombia: main foreign affiliates, 2009

(a) Foreign affiliates in industries other than financial services, ranked by turnover

Rank	Company	Turnover 2009 (US\$ million) ^a	Total assets 2009 (US\$ million) ^a	Industry
1	Ecopetrol SA	15,511	29,758	Oil and gas
2	Terpel	3,378	330	Gasoline and lubricants distributor
3	Grupo Nacional de Chocolates (GNC)	2,572	3,884	Food and beverages
4	Inversiones Argos	2,518	10,192	Financial
5	Empresas Publicas de Medellin (EPM)	2,447	13,232	Electricity
6	Cementos Argos	1,934	8,238	Cement
7	ISA (Interconexion Electrica)	1,854	9,556	Electricity
8	Grupo Carvajal	1,724	n.a.	Office and paper products
9	Bavaria	1,115	5,450	Food and beverages
10	Alpina Productos Alimenticios	628.7	535.4	Food and beverages
11	Postobon	395.2	836.7	Food and beverages
12	Corona	391.2	n.a.	Construction
13	Fabricato	310.7	638.3	Apparel and clothing
14	Ajover ^b	86.3	n.a.	Construction
15	Computec	79.0	38.9	IT and software solutions
16	Promigas ^b	60.1	n.a.	Oil and gas
17	Gerfor ^b	53.3	n.a.	Construction
18	Procafecol SA ^c	43.9	n.a.	Food and beverages
19	Supertex ^b	15.7	n.a.	Apparel and clothing
20	Open Systems ^b	12.0	n.a.	Software solutions
21	Consult Soft ^b	1.3	n.a.	Consulting services and software solutions
22	Zemoga ^b	0.51	n.a.	Office software and marketing solutions
23	Promigas ^b	0.14	1,126.4	Oil and gas

(b). Foreign affiliates in financial services, ranked by assets

Rank	Company	Turnover 2009 (US\$ million) ^a	Total assets 2009 (US\$ million) ^a	Industry
1	Bancolombia	n.a.	35,847.0	Financial
2	Multibanca Colpatría	697.7	4,976.8	Financial
3	Grupo Aval	n.a.	3,506.7	Financial
4	Colinversiones	0.12	1,835.2	Financial
5	Sociedades Bolívar	249.2	1,317.3	Financial
6	Valorem	3.8	940.2	Financial
7	UltraBursátiles	22.9	16.8	Financial

Source: Companies' annual reports: FY2009, unless otherwise indicated.

^a Dollar values at the exchange rate reported by the Banco de la República as at April 28, 2011, available at: <http://www.banrep.gov.co>, US\$ 1 = COP 1,784.11.

^b Data in US\$ million for turnover is taken from fDi Intelligence, a service of the Financial Times Ltd. Data in COP million for turnover is converted from the US\$ million data at the exchange rate reported above by the Banco de la República at www.barep.gov.co as at April 28, 2011: (1 US\$ = COP 1,784.11).

^c Procafecol SA includes Juan Valdez and The Colombian Coffee Federation (FNC), sometimes referred to as the National Coffee Producers Federation of Colombia.

Annex table 6. Colombia: Largest M&A deals, by outward investing firm, 2008-2010

(US\$ million)

Year	Acquiring company	Target economy	Target company	Target industry	Value
2010	Interconexion Electrica SA (ISA) ESP	Chile	Cintra Concesiones	Electrical services	2,589.0
2010	Grupo Aval Acciones y Valores	Panama	BAC Credomatic GECF Inc	Bank	1,920.0
2010	EPM	Guatemala	DECA II	Electrical services	758.0
2010	Grupo Nacional de Chocolates (GNC)	United States	Fehr Holdings LLC	Food	84.0
2010	Interconexion Electrica SA (ISA) ESP	Peru	Machupicchu-Abanacay-Cotaruse	Electrical services	62.6
2010	Avianca SA	El Salvador	Grupo TACA	Air transportation	40.0
2010	Petrominerales Ltd	Ireland	Pan Andean Resources PLC	Crude petroleum and natural gas	25.6
2010	EPM	Guatemala	Generadores Hidroelectricos SA	Electrical services	18.5
2010	EPM	Guatemala	Gestion de Empresas Electricas	Electrical services	11.5
2010	Tribeca Oil & Gas Inc	United Kingdom	PetroLatina Energy PLC	Investors	10.0
2010	Petrominerales Ltd	Norway	InterOil Exploration	Crude petroleum and natural gas	2.3
2010	Grupo EMI	El Salvador	Servicios de Atencion Medica	Local passenger transportation	1.8
2009	Cementos Argos SA	Panama	Holcim Ltd-Panama & Carribean	Cement, hydraulic	157.0
2009	Tecnoquimicas SA	El Salvador	Laboratorios Teramed	Pharmaceutical preparations	30.0
2009	Productos Familia SA	Argentina	Algodonera Aconcagua SA	Sanitary paper products	23.3
2009	Ferrasa SA	Panama	Aceros Transformados Panama-PI	Steel works, blast furnaces, and rolling mills	10.0
2009	Grupo Nacional de Chocolates	Mexico	Nutresa SA	Chocolate and cocoa products	9.7
2009	Corficolombiana	Peru	Cia de Gas Comprimido del Peru	Investment advice	2.0
2009	Cia Global de Pinturas SA	Netherlands Antilles	Macomoca NV	Paints, varnishes, lacquers, & allied products	1.7
2009	O-tek Internacional SA	Brazil	Newsan Saneamento Ltda	Pressed and blown glass and glassware	0.6
2008	Grupo Nacional de Chocolates	Panama	Ernesto Berard	Chocolate and cocoa products	15.8

Source: Compiled by author, based on Reuters, Thomson One Banker.

Annex table 7. Colombia: Largest greenfield projects announced, by outward investing firm, 2008-2010

Date	Investing company	Host economy	Investment (US\$ million)	Industry	Business activity
2010	Gerfor	Peru	3,000.0	Plastics	Manufacturing
2010	Allus Global BPO Center	Peru	5.0	Business services	Customer contact centre
2010	Zemoga	United States	2.4 ^a	Software & IT services	Sales, marketing & support
2010	Bancolombia	Peru	9.4 ^a	Financial services	Business services
2010	Decameron Hotels and Resorts	Peru	85.0 ^a	Hotels & tourism	Construction
2010	Decameron Hotels and Resorts	Peru	85.0 ^a	Hotels & tourism	Construction
2010	Decameron Hotels and Resorts	Panama	130.0 ^a	Hotels & tourism	Construction
2010	Sociedades Bolivar	Costa Rica	2.5 ^a	Financial services	Sales, marketing & support
2010	Zemoga	United States	2.4 ^a	Software & IT services	Sales, marketing & support
2010	Bancolombia	Panama	9.4 ^a	Financial services	Business services
2010	Phoenix Packaging Group (Grupo Phoenix)	United States	20.0	Plastics	Headquarters
2010	Sociedades Bolivar	United States	11.2 ^a	Financial services	Business services
2009	Supertex	El Salvador	26.9 ^a	Textiles	Manufacturing
2009	Grupo Carvajal	Ecuador	1.7 ^a	Software & IT services	Sales, marketing & support
2009	Grupo Carvajal	Panama	1.7 ^a	Software & IT services	Sales, marketing & support
2009	Ecopetrol	Spain	5.2 ^a	Coal, oil and natural gas	Sales, marketing & support
2009	Intergrupo	Peru	1.9 ^a	Software & IT services	Business services
2009	Premex	Guatemala	16.4 ^a	Healthcare	Manufacturing
2008	Ecopetrol	Mexico	220.0	Coal, oil and natural gas	Extraction
2008	Ecopetrol	United States	120.0	Coal, oil and natural gas	Extraction
2008	Firpol Botes	Mexico	1.0	Non-automotive transport OEM	Manufacturing
2008	Biotoscana	Mexico	53.7 ^a	Pharmaceuticals	Manufacturing
2008	Caracol Television	Spain	2.3 ^a	Leisure & entertainment	Sales, marketing & support
2008	Corona	Panama	14.8 ^a	Consumer products	Retail

2008	Terpel	Chile	20.0	Coal, oil and natural gas	Retail
2008	Terpel	Peru	15.0	Coal, oil and natural gas	Retail
2008	Terpel	Mexico	12.0	Coal, oil and natural gas	Retail
2008	Promigas	Mexico	40.0	Coal, oil and natural gas	Retail
2008	The Colombian Coffee Federation (FNC)	Spain	14.2 ^a	Beverages	Retail
2008	The Colombian Coffee Federation (FNC)	Ecuador	14.2 ^a	Beverages	Retail
2008	The Colombian Coffee Federation (FNC)	Panama	14.2 ^a	Beverages	Retail

Source: Compiled by author, based on fDi Intelligence, Markets Crossborder Investment Monitor, a service from the Financial Times Ltd.

^a Estimated investment.