



# LOOK SOUTH

## Exploring New Market Opportunities in Latin America

U.S. FTA partner markets in Latin America:

- Mexico
- CAFTA-DR
- Panama
- Colombia
  - Peru
  - Chile

*“...Latin America represents an incredible opportunity for the United States, especially when it comes to my top priority as President: creating good, middle-class jobs... Right now, over 40 percent of our exports go to the Americas. And those exports are growing faster than our trade with the rest of the world.”*

*- President Barack Obama,  
May 4, 2013*

# Look South is a coordinated export promotion initiative

- 58% of U.S. exporters export to only one market—usually Canada or Mexico.
- The Look South initiative encourages exporters to “look south” and consider expanding sales to additional FTA partner markets in Latin America.
- Companies exporting to one market average roughly \$375,000 in export sales. For a company exporting to two-to-four export markets, that average nearly triples to \$1 million in sales.



# Look South target markets show great opportunity



Stable, growing economies

- Target market GDP growth averages 4.7%



Untapped markets

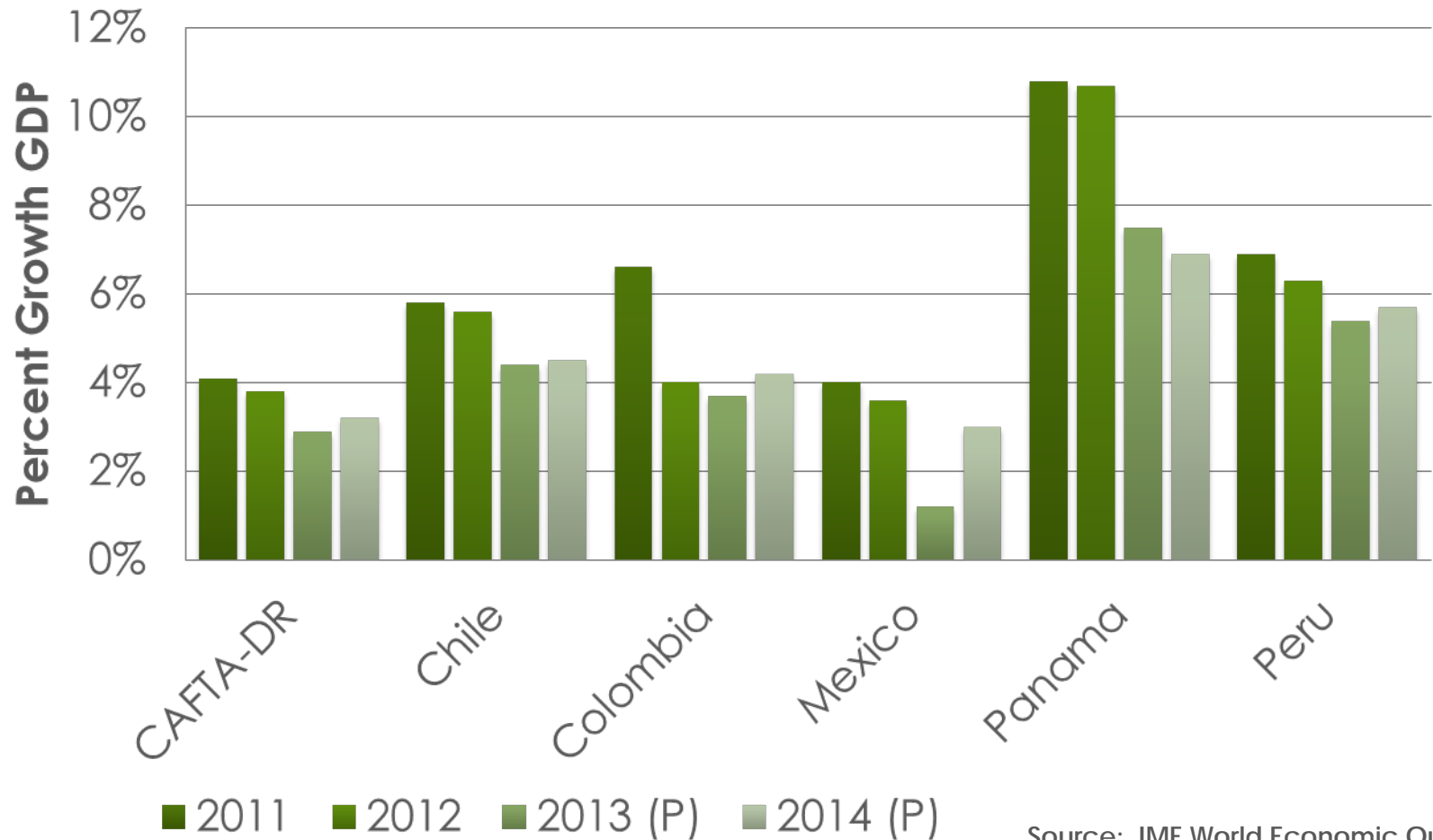
- Our trade agreement partners in Latin America all have a rapidly growing base of middle class consumers demanding high-value American goods and services.



Favorable trade policies

- Free trade agreements, regional integration, reduced trade barriers

# Target markets have stable, growing economies



International Trade Administration

Source: IMF World Economic Outlook

# U.S. products ideal for meeting latent demand



## Automotive Parts and Supplies

- A growing middle class has led to more car ownership, including U.S. brands, raising the demand for U.S. auto parts.



## Construction Equipment

- Growth in infrastructure projects, housing, and mining development all demand construction equipment.



## Medical/Healthcare Equipment

- Growing incomes and increased social safety nets in these markets lead to growing sales.

# Markets have favorable policies for doing business



## Free Trade Agreements

- Provide U.S. goods with favorable tariff treatment, government procurement opportunities, legal and intellectual property rights protections, among others.



## Regional integration

- Integration of regional trade blocks such as Central America and the newly formed Pacific Alliance, builds common markets, regulatory regimes, and product standards, and allows for accumulation of origin.



## Active U.S. engagement

- USG agencies are actively engaged in the removal of policy barriers in target markets through programs such as the Customs and Border Management Program and the Standards Alliance.

# Look South Resources



- Commercial Service in each target market.
- Full trade event and webinar schedule.
- [Export.gov/LookSouth](https://www.export.gov/LookSouth).
- Coordinated support from other government agencies, partner networks.
- Greater focus from White House and the Secretary.
- Region-wide promotional activities.



# Doing Business in Colombia







# Colombia at a Glance



- 3<sup>rd</sup> largest population in Latin America (47 million)
- Location- 2 coasts
- Literacy Rate: 94%, but English is low (11/12 Education First ranking- Colombia is 50 out of 54 countries analyzed; Libya-54, Argentina-20; Chile- 39; Venezuela- 40; Ecuador-43; Brazil-46.
- 5 cities with 1 million+ consumer bases
- 10-year visa validity (1/2 million applicants in 2013)



# Colombia at a Glance: Political Headlines

- Democratic Republic
- Next Presidential Elections: May 25, 2014
- President approval 50% (as of Jan. 2014)
- Colombia Peace Talks in Cuba: Since November 2012 the government and negotiators from the FARC have been seeking a deal to end the 50+ year conflict.





# Colombia at a Glance: Demographics

- Middle class is a growth indicator for buying power and opportunity for innovation.

Percentage of people in 20-40 age group:

20-29 17%

20-34 24%

20-39 31%

- Average age is 28 years
- The middle class represents 35.3% of the total Colombian population (4<sup>th</sup> best in S. America)



# Why Colombia?

## An Economic Miracle

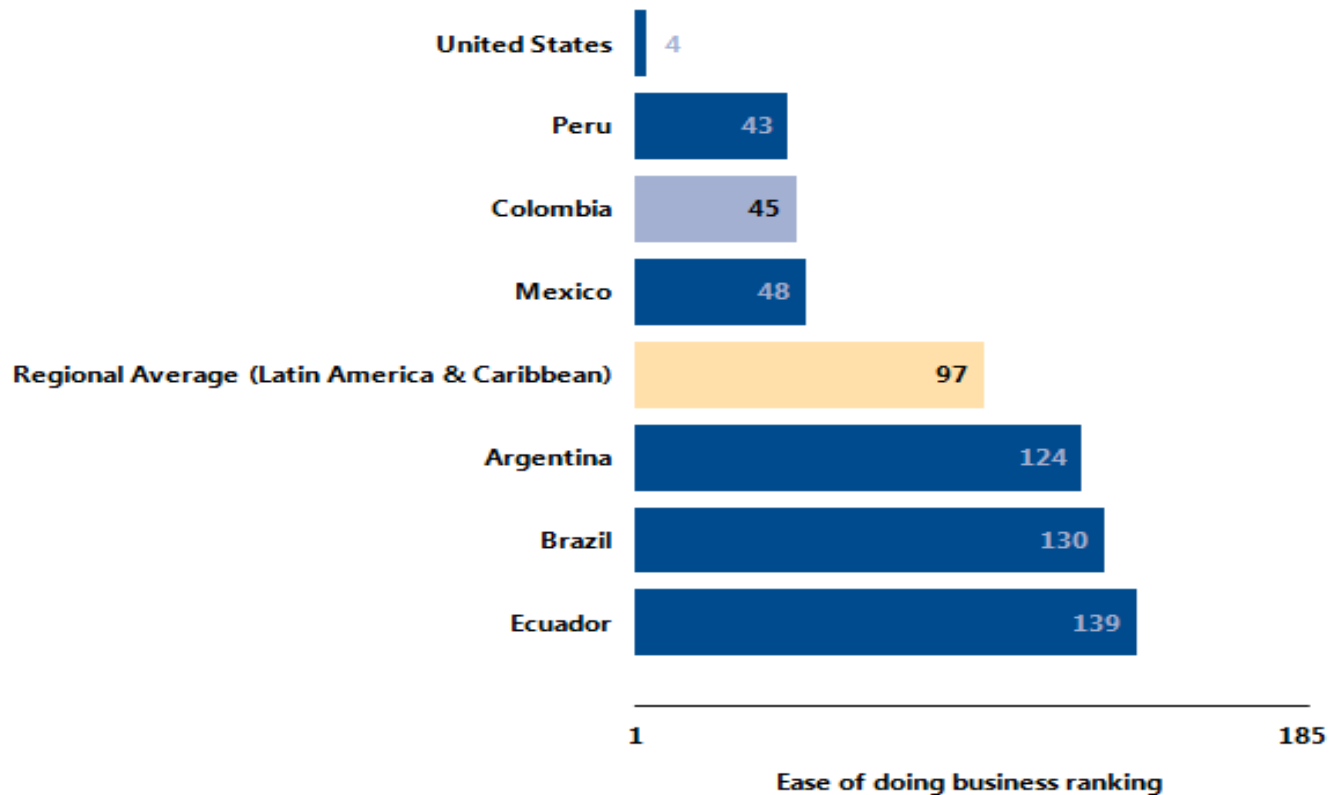
- **Next Tier Market** under President Obama's NEI
- 2013 GDP growth was 4% (4% in 2012, 5.9% in 2011)  
4.3% predicted for 2014 by WB (4<sup>th</sup> highest in LA)
- Mining has a 5.9% share,  
Financial Sector- 5.5% share,  
Ag- 2.6%, Mftring decreased 0.7%
- Emphasis on Major projects -  
\$23B for roads - next four years
- FDI in 2013 was \$16.8B; 2012 = \$15.3B;  
2011 = \$13.5B





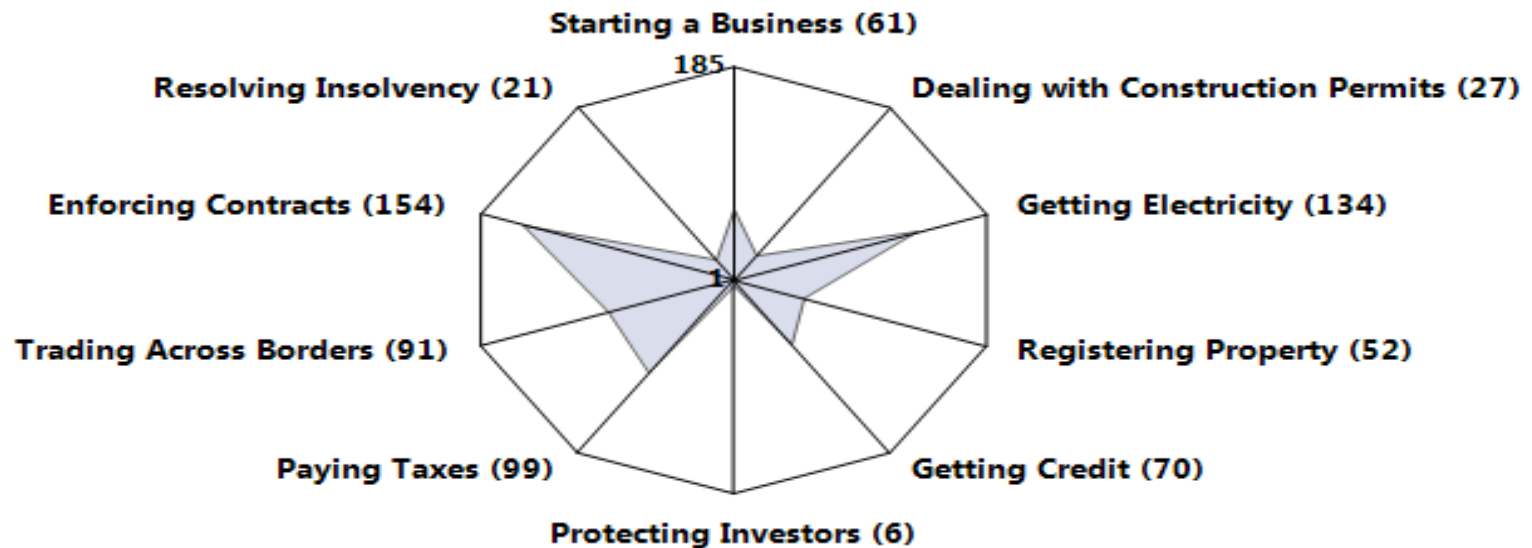
# Why Colombia?

## World Bank- Doing Business 2013





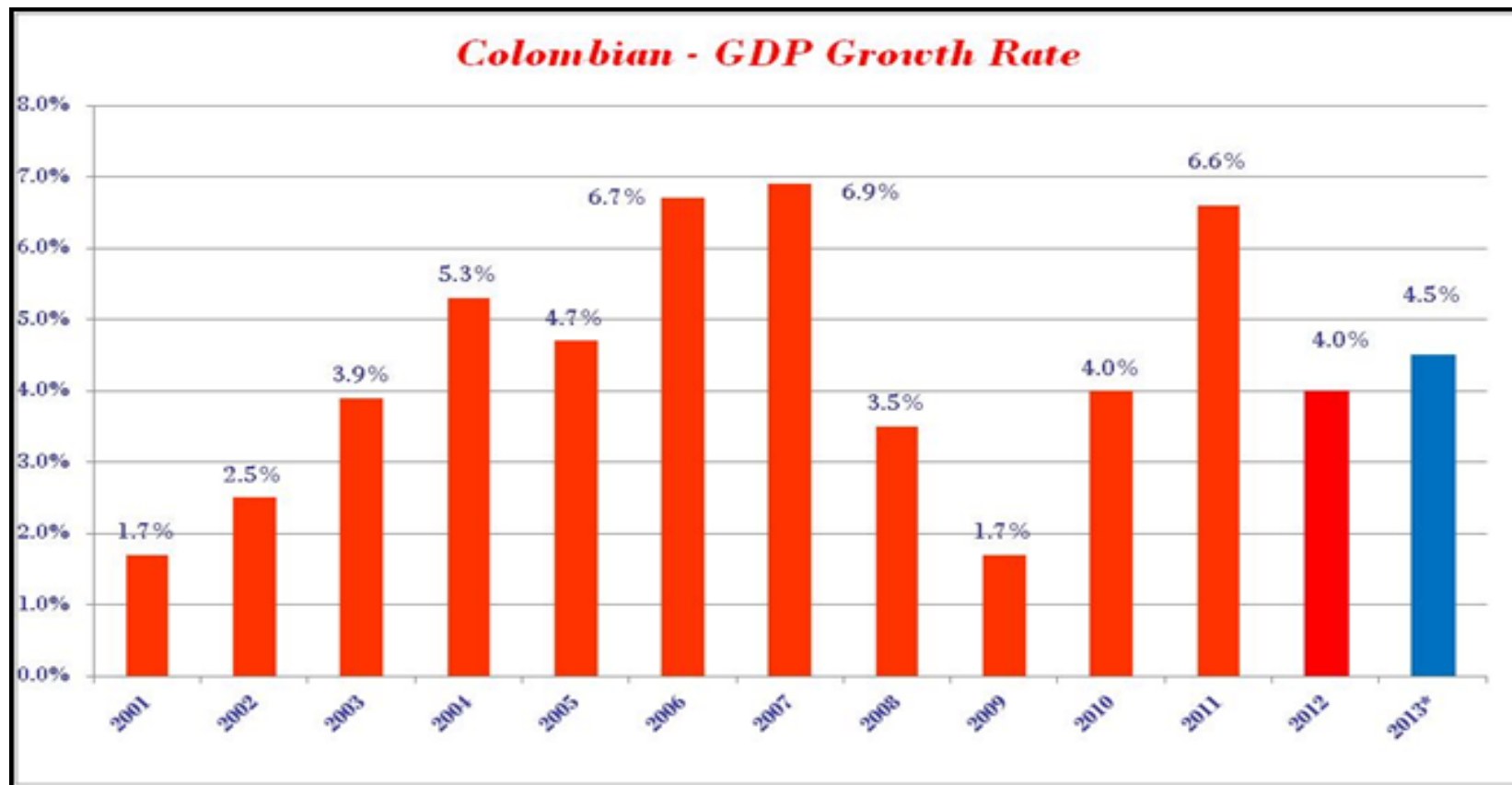
# Why Colombia? World Bank-Doing Business: 2013







# Why Colombia? GDP Growth 2001-2013



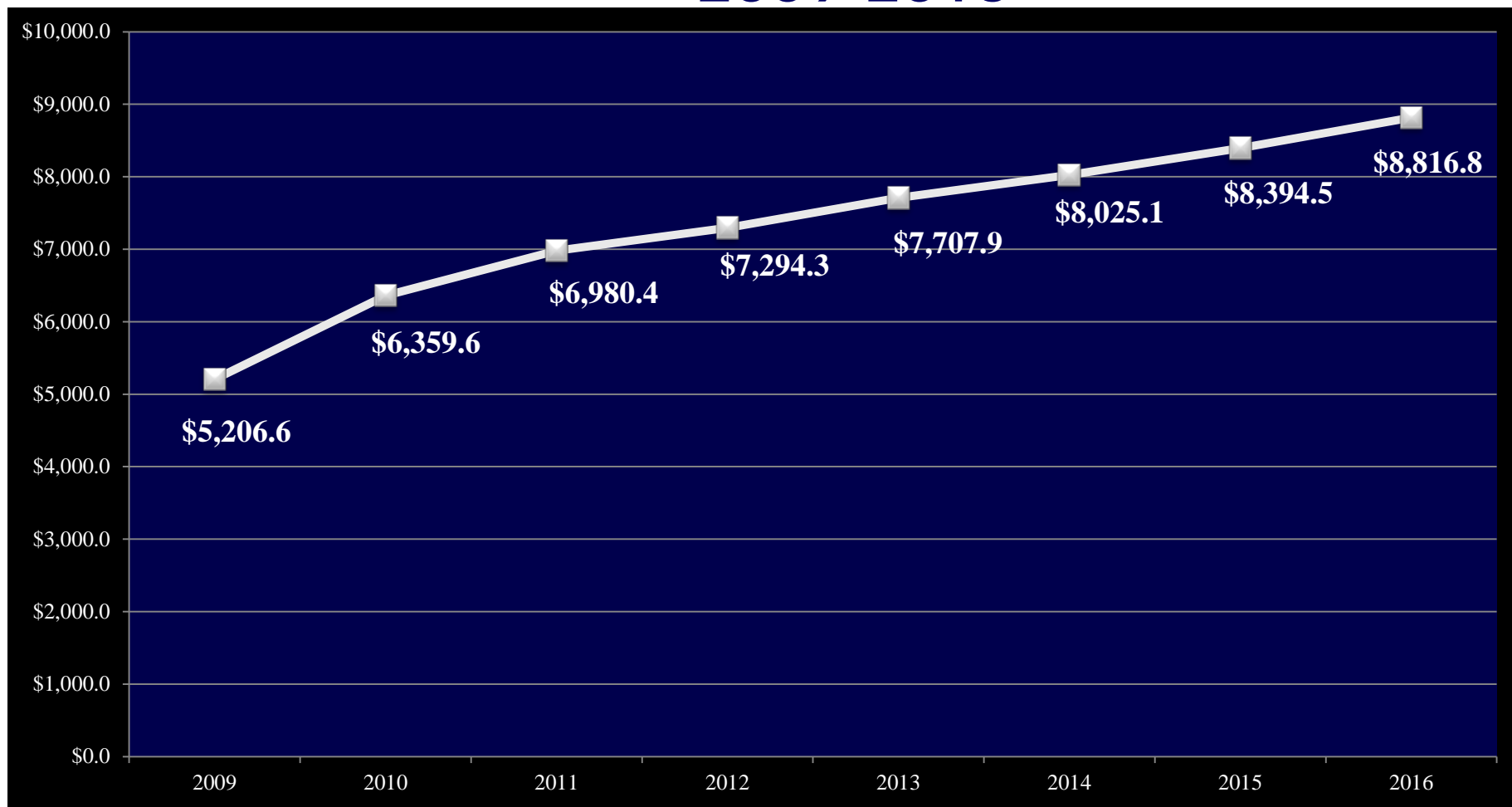
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# Why Colombia?

## GDP Per Capita Growth

### 2009-2016



Source: DANE/IMF

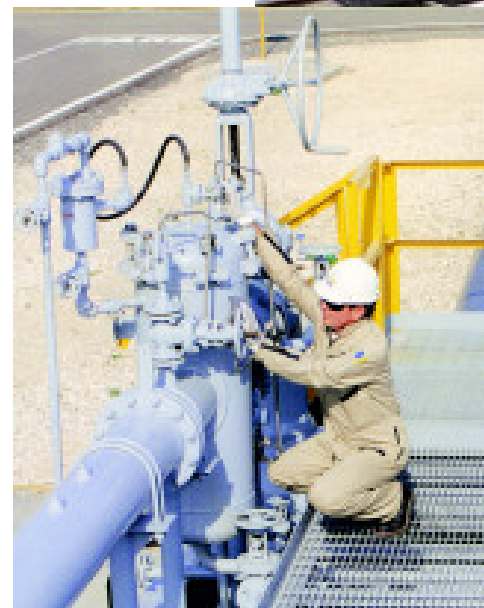
\*GDP per capita (nominal value)

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# Market Trends: Major Projects

- Two Refinery Modernization projects (Cartagena & Barrancabermeja)
- Ports - Cartagena, Salgar, Buenaventura
- Infrastructure - Roads, El Dorado Airport, Barranquilla airport- \$100 million (7/13), Cali Airport- International Terminal-\$125m investment.
- Tourism infrastructure: (e.g, 24 new hotels (4000 rooms) by 2014). Marriott in Cali 2013, 6 new hotels in BAQ, Tryp and Wyndham in BOG 2013, Marriot Courtyard by 2014 BOG.

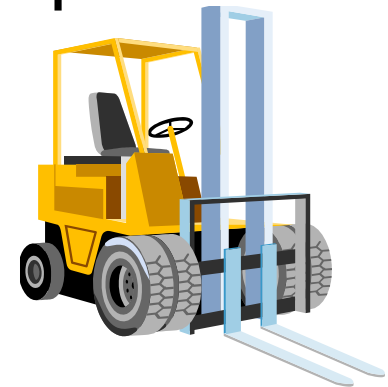




# Market Trends: Leading Sectors for U.S. Exports

[www.buyusa.gov/colombia/en](http://www.buyusa.gov/colombia/en)

- Oil & Gas
- Machinery/Services
- Transportation and Infrastructure
- Mining Equipment
- Construction Equipment
- Information Technology and Communications
- Military Equipment
- Auto Parts/Accessories
- Electrical Power Systems
- Travel and Tourism
- Food Beverage Processing/Packaging Equipment
- Medical Equipment





# Challenges

## Social

- Obtain a peaceful solution to the internal conflict
- Defeat corruption in official agencies
- High displacement rate
- Reduce poverty



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International Trade Administration

## Economic

- Large informal economy-tax evasion
- Bureaucracy/red tape
- Sluggish judiciary
- **SMEs lack access to credit**
- Transportation Infrastructure- 2<sup>nd</sup> highest cost in S.A.  
E.g., 1 ton Shanghai-CAR= \$60. CAR-BOG=\$94 (World Bank study 12/12)



# Challenges:

## SMEs lack access to credit

### U.S. Export Financing Resources

- Export-Import Bank: [www.exim.gov](http://www.exim.gov)
- Overseas Private Investment Corporation (OPIC):  
OPIC mobilizes private capital to provide investors with financing, guarantees, political risk insurance, and support for private equity investment funds  
[www.opic.gov](http://www.opic.gov)
- US Small Business Administration (SBA):  
<http://www.sba.gov>





# Market Practices: Tips for Success

- Be informed: Read Country Commercial Guide at [www.buyusa.gov/colombia/en](http://www.buyusa.gov/colombia/en)
- Use situational awareness for security
- Colombia: Foreign Narcotics Kingpin Designation Act (the "Kingpin Act") of 1999. OFAC website: [www.treasury.gov/resource-center/sanctions/Programs/Pages/narco.aspx](http://www.treasury.gov/resource-center/sanctions/Programs/Pages/narco.aspx)  
Kingpin Act see OFAC's SDN list at [www.treasury.gov/sdn](http://www.treasury.gov/sdn). The entries are styled "SDNTK" (Clinton List)



# Market Practices: Tips for Success

- Language & translate materials
- Identify partners/background check
- Include arbitration clause in contracts
- Don't push for big orders ... ease into it
- Stay well informed – things change very quickly in Colombia – Info is critical
- Be familiar with the laws and regulations
- Always get legal advice
- Be aware that Colombia has its own cultural nuances

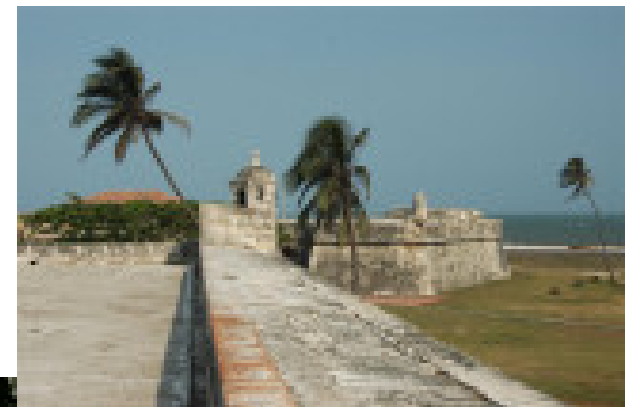


# Market Practices: Tips for Success

- Colombian government procurement website  
<https://www.contratos.gov.co/puc/>
- US Embassy Business Opportunities  
<http://usbusiness-opportunities-embassybogota.com/public-procurement-opportunities>
- USDOC FTA tool: An easy to use tool to find out what tariffs are:  
<http://export.gov/fta/ftatarifftool/>



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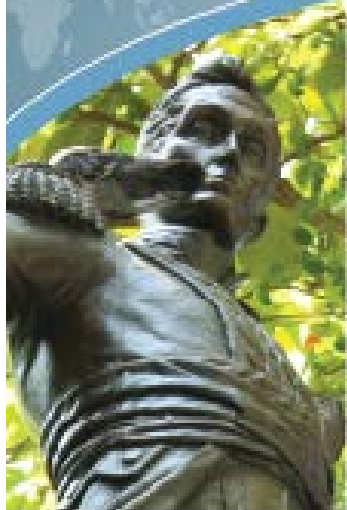


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U.S. Department of Commerce  
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# U.S. COMMERCIAL SERVICE **TRADE WINDS— THE AMERICAS**

BUSINESS DEVELOPMENT CONFERENCE  
AND TRADE MISSION

COLOMBIA | PERU | CHILE | PANAMA | ECUADOR | MAY 15–23, 2014

Nicole DeSilvis, Commercial Attaché- US Commercial Service at the US Embassy in Bogota

U.S. Department of Commerce  
International Trade Administration



# Trade Winds The Americas: Overview

- A focused 2-day business development conference highlighting opportunities and challenges throughout The Americas.
- Matchmaking meetings in Colombia (40 companies), as well as 'spin-off' opportunities in Ecuador, Panama, Chile, and Peru
- One-on-one meetings with Senior Commercial Officers from 16 countries including: Colombia, Peru, Canada, Panama, Chile, Mexico, Brazil, etc.





# 5 missions stops: Ecuador, Panama, Colombia, Peru, Chile

May 15-16  
Panama or  
Ecuador

Panama  
Mission Stop

Ecuador  
Mission Stop

May 18-21  
Colombia

Business  
Conference

SCO  
Consultations

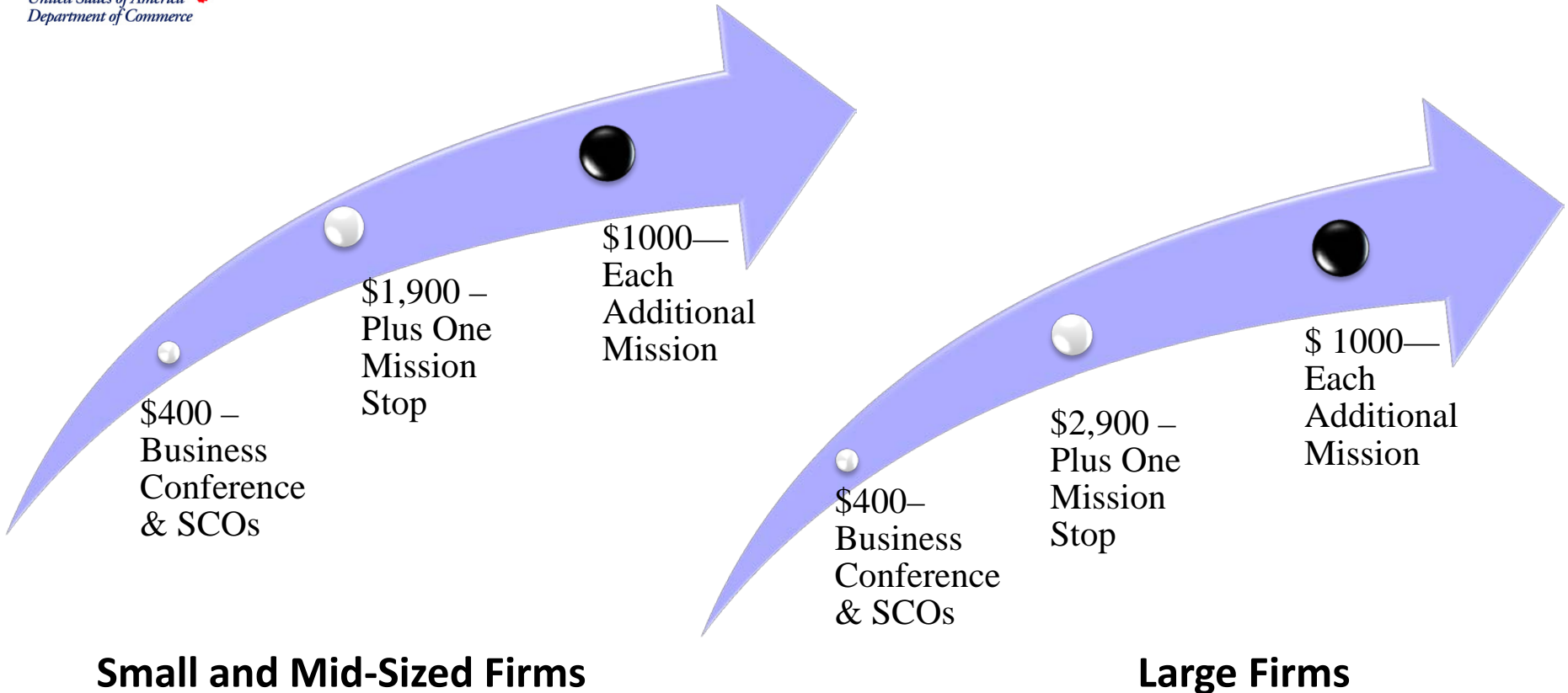
Colombia  
Mission Stop

May 22-23  
Peru or Chile

Peru Mission  
Stop

Chile Mission  
Stop

# Trade Winds: Fee Structure



*\$400 for each additional attendee*

*\* A Small or Medium-Sized Enterprise (SME) is defined as a firm with 500 or fewer employees or self-certified as a small business under SBA regulations. A large company is defined as a firm with more than 500 employees. Subsidiaries will be classified based on the size of the parent company.*



# Trade Winds Past Successes

**U.S. Commercial Service Trade Winds conferences continue to find success around the globe. Whether it is Mexico, Brazil, Poland, Turkey, or Asia, Trade Winds missions help companies establish lasting relationships and increase revenues.**

- **\$109,784,430: Total dollar value of export success**
- **64: Companies reporting export success**
- **2.8: Average number of export success per company reporting**
- **204: Total export successes generated**



# Trade Winds: Hear From Your Peers

- “It’s been a long couple of days but with plenty of accomplishments and success to come. I must say it has been a total success so far, and exports to come in a very near future. “ *Spectra Colors (Trade Winds Asia 2012)*
- “We had the opportunity to truly learn about the market from those on the ground, make contacts with possible business partners, and learn about other global opportunities .” *Consensus Orthopedics (Trade Winds Asia 2012)*
- “It’s worth it, no questions about it! [...]Once I saw that there were opportunities in Mexico, it was clear that Trade Winds would be a good way to grow our business. [...] It was great to get straight up answers about our prospects in so many markets in one day.” *Fuzion Technologies (Trade Winds Mexico)*



<http://export.gov/pennsylvania/tradewinds/registration/index.asp>

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**TRADE WINDS—**  
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BUSINESS DEVELOPMENT CONFERENCE  
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**Option 1: Trade Winds Mission and Business Development Conference**

Duration of your trip will vary depending upon your Mission Stop market selections

**Trade Winds Business Development Conference in Bogota, May 18-21, 2014**

- Business Development Conference
- Prearranged consultations with up to 11 CS Senior Commercial Officers -  
*Countries of focus:* Argentina, Brazil, Canada, Chile, Colombia, Central America, Dominican Republic, Ecuador, Mexico, Panama, Peru



**Register Here!**