

COLOMBIA

The Time is Now

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President of Colombia, Iván Duque addressing the UN General Assembly.

Colombia is living a moment. With President Iván Duque one year into his tenure, the Andean nation is shrugging off its unfair reputation and proving just how vast its previously untapped potential was. Political stability, not possible in previous decades due to unrest, is now a fact of daily life, and the word is getting out.

Meanwhile, a tourist boom continues apace with 6.8 million foreign visitors in 2018. Just like explorers of centuries past, they are drawn to experience the myriad pristine beaches, colonial towns, and luscious forests firsthand. Bustling and vibrant cities like Bogotá and Medellín are international hubs for business and culture. The international El Dorado airport in the capital offers connections across the globe.

And with more of the country online than ever, the digital economy is booming. Andean cities are now hubs for technological innovation. One delivery application, Rappi, the brainchild of a group of students is now valued at over a billion dollars. Colombia's universities – both public and private – are proving to be among the envies of the region, ranking among South America's finest and bringing in more international students each year.

Colombia also boasts a healthy economy and business environment, with over 16 trade agreements in force, granting access to more than 60 countries and nearly 1.5 billion consumers.

In the extractive sector, better contract security and a revitalized National Hydrocarbons Agency are bringing in foreign investors that were once wary. Gold, coal and emeralds are just three constituents of the vast wealth of minerals and resources that sit under Colombia's rich soil.

And Colombia is also leading a moral charge, welcoming millions of Venezuelans fleeing hardship as much of the continent imposes stricter restrictions.

With burgeoning success across many industries and consumer confidence high, in Colombia, the time is now.

Photo on page 1: Colombian National Congress and Capitol, Bogotá

Open for business

For decades business in Colombia was hampered by political instability and armed conflict – but those days are long relegated to the past. Colombia is truly open for business.

Unlike other powers in the region, Colombia is still on track to reach its target growth this year, with the IMF stating its economy will grow 3.4 percent before January, representing the country's best growth rate since 2014. At a summit in late October, Colombia's government announced new foreign ventures worth more than US\$1 billion.

Colombia now boasts free trade agreements with a host of nations including the United States, contributing to an investor friendly environment. The government recently reached an agreement to get SoftBank to match state resources to start with a fund of US\$30 million, with the stated goal of reaching up to US\$200 million.

Colombia is on track to reach its target growth this year

And tourism, once an afterthought, is up 8 percent on last year as tourists come to discover the land of famed Colombian author Gabriel Garcia Marquez's 'magical realism.' Every day visitors from around the world flock to the country's 59 national parks, which cover 10 percent of its territory. Its geographical location is also a blessing, making it a growing regional logistics hub. Over the last three years, airports have added 35 national routes and 14 international ones.

Inflation is manageable at 4 percent, and the country's deficit is being served by robust international investment.

With exports from minerals to flowers continuing to shift, business is a go.



President of Colombia, Iván Duque meets President Trump in Washington, earlier this year.

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JOSÉ MANUEL RESTREPO, MINISTER FOR INDUSTRY, COMMERCE, AND TOURISM

At the forefront of Colombia's success is the **Ministry for Industry, Commerce, and Tourism**, which – with its broad portfolio – has been driving growth in the Andean nation. Educated at the London School of Economics and the University of Bath, **José Manuel Restrepo** worked as a civil servant and columnist, before entering politics. Now working alongside President Iván Duque, he tells *Newsweek* what is bringing in such positive results.



Productivity is key

“The president has called on Colombia to move forward, from good to better. He acknowledges that there has been progress in the last 20 years, but that it is essential to keep on growing, and the way to achieve that is by raising productivity.”

“Colombia still has a gigantic potential to develop new infrastructure.”

A multi-faceted approach

“To promote investment, we want to roll out the red carpet. We are always



improving education. Also, a simple state leads to an agile Colombia, which is to say we are looking to streamline the bureaucracy to make investment more attractive. And tourism speaks for itself!”

Business friendly

“Here we understand that business development has to achieve a commitment for the benefit of an entire society. And it is a country that is open to receiving that investment to build, export, generate income and opportunities for an entire society.”

North American infrastructure opportunities

“North American companies have opportunities on several fronts such as infrastructure – Colombia still has a gigantic potential to develop new infrastructure. There is a very good relationship with the United States that is also supported by a free trade agreement that works successfully for both. It is a relationship that impacts in several directions.”

A visionary leader

“Colombia is a visionary country, which has a visionary president, who has understood that to be successful, not in today's world, but in the world of tomorrow, it is essential to move forward in the fourth industrial revolution.”

Left: Carrera 7, Bogotá

Right (clockwise from top):

Plaza Bolívar, Bogotá

Tayrona National Natural Park, Santa Marta

Clock tower, Cartagena

Museo del Oro, Bogotá

Port of Cartagena

Highway infrastructure



JULIÁN GUERRERO VICE MINISTER OF TOURISM

Originally a lawyer by training and with a master's in international relations from the London School of Economics, the Vice Minister of Tourism tells *Newsweek* about why Colombia is truly the country of “magical realism.”

Transporting yourself

“It is no exaggeration to say that traveling is not only physically moving to a place, but also the intellectual, emotional and spiritual journey that people make when they travel; the secret of a good trip is the ability to connect the external journey with the interior one. Colombia offers that.”

“We are one of the 17 mega diverse countries in the world.”

Biodiversity

“Colombia's enormous potential is in matters of nature, adventure and culture. Colombia is a country that has impressive biodiversity – we are one of the 17 mega diverse countries in the world. We have the largest number of species of birds. Colombia has 86 different indigenous communities, two linguistic families, ten isolated languages and two languages of African origin.”

Colombia is a country of regions

“We have so many diverse regions, from the Caribbean to the Pacific, we have the Andes, the Amazon, the Orinoco. If you go to any other country in Latin America, you won't find all this diversity.”

The warmth of the people

“But I think that the real difference of Colombia when it comes to attracting international tourists is in the people. Colombia is a country of hospitable, kind, and cheerful people.”

FONTUR

Raquel Garavito is president of The National Fund for Tourism, or **FONTUR**, oversees the promotion and development of investment in Colombia's tourism industry. Garavito studied law in Colombia, Miami and at New York University, before working in the private sector. Now she is on the front lines of a revolution in Colombian tourism.

Colombia is affordable

“Despite high prices in fuel, flights in Colombia remain competitive. Hotels also are inexpensive, and because the country is relatively small, you can see much more in a short space of time.”

All types of tourists are welcome

“We welcome business tourists as we are a regional business hub, and boast state-of-the-art convention centers. We have religious tourists, owing to rich Catholic heritage. We have nature tourism, given the richness and diversity of the country. We have gastronomy. There are so many reasons to visit!”



Raquel Garavito, President of FONTUR

New opportunities for American investors

“We would love to see significant investment in La Guajira peninsula, which is a paradise to discover due to its nature, culture and traditions. And alongside there, we have the Gulf of Morrosquillo, another amazing opportunity.”

Infrastructure is key

“As an agency, we oversee the entire chain of tourism in Colombia. We oversee taxis, promote bilingualism, manage waste, and supervise training in hotels. And that extends to infrastructure, without which there will be no tourism. There we are looking at piers, ports, lookouts, convention centers, and so on.”

Colombia: A modern day El Dorado

Few sectors in Colombia have seen such wild and rapid change as the tourism sector, widely touted as having among the most potential in the world. Each year more visitors arrive and it's little surprise why. And the country is reaping the benefits. In 2018, Colombia brought in US\$6.6 billion from tourism, including air travel, up 12.7 percent on the year before, according to the Central Bank of Colombia, making it the country's third largest generator of foreign capital, and the first outside of the energy and mines sector. And it's not just leisure tourism where Colombia is striding forward. According to the International Congress and Convention Association (ICCA), Colombia ranks in the top 30 countries worldwide for holding conventions, having organized 147 in 2018. The country rose three positions in 2017 going from 32 to 29, above Russia, New Zealand, Chile and South Africa. Responsible for promoting tourism is national agency ProColombia, which boasts offices all over the globe.

Like the explorers of yesteryear, ProColombia is working to open up previously unexplored regions of the country. Tourists will then be able to immerse themselves in Colombia's vast southern stretches of jungle, enjoying the nation's competitive advantages in the sustainable tourism scene. Projects are underway in the provinces of Caquetá, Putumayo, Casanare, Vichada, Guaviare, Guainía and Meta.

The beauty of Colombia's nature is a little secret, but now people are beginning to see just how rich it is. It is the world's premier destination for bird biodiversity – for the third year running – with 1920 different species. Costas Christ, editor of *National Geographic Magazine*, described Colombia as Noah's Ark, owing to the incredible variety of its flora and fauna, and the country's role in protecting it. Earlier this year, Pro-Colombia signed agreements with international organizations, including USAID, to promote both the conservation of biodiversity and the portfolio of ecotourism experiences worldwide. And Colombia's feted heritage is not just natural but cultural. With so many indigenous tribes and

languages – each with their own unique values, beliefs and natural environments – Colombia offers experiences that go well beyond the everyday.

Part of the country's cultural heritage can be seen in the diversity of musical rhythms

Part of this cultural heritage can be seen in the diversity of musical rhythms across the country, which ProColombia is working to promote through its "Visit Colombia: Feel the Rhythm" campaign. The cities of Cali, Bogotá, Cartagena, Barranquilla or Medellín all boast carnivals and festivals which grow each year. The universal language of music allows travelers in Colombia to connect their physical journey with an intellectual, emotional and spiritual one. And bringing tourists to such far flung regions will also bring them investment, generating social projects. ProColombia is betting on the environment and on local communities. The country has demonstrated a determined commitment in both these spheres, having actively

participated in global initiatives such as the International Year of Sustainable Tourism for Development, declared by the World Tourism Organization (UNWTO), the United Nations Specialized Agency for Tourism.

Colombia was mired in conflict for five decades of bitter civil war, affecting both the cities and swaths of the countryside. Roads were impassable and vast regions considered unsafe. But now, in part owing to a peace accord signed in 2016 and implemented by the current Duque administration, a whole new world of touristic opportunity is opening up, supported by ProColombia. In zones where ex-combatants from the Revolutionary Armed Forces of Colombia are in reintegration programs, various touristic projects are underway, to encourage reincorporation, reconciliation, and territorial development. Work is currently underway in seven of these reintegration zones. Tourism and peace-building go together in Colombia.

More tourists will come each year to Colombia, and it has rolled out the welcome mat.

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TAPPING INTO AN ABUNDANCE OF NATURAL RESOURCES

Colombia is abundant in natural resources buried beneath its fertile soils, from gold, to coal, to oil, to emeralds – and everything in between – the Andean nation provides a multitude of opportunities for investment in extractive industries. Conflict once meant that the mining industry was hamstrung, but with security across the country always improving, that is no longer the case.

Stable contract legislation means investors can be relaxed, while government institutions are constantly working towards cleaner, more environmentally responsible ways of producing and exporting fuels and minerals. Social projects guarantee that those living in resource-rich zones also reap the benefits.

While the natural gas revolution continues, and despite the low oil prices, the Colombian government remains committed to hydrocarbon as oil remains the country's largest export. State oil company EcoPetrol increased hiring 11 percent this year, illustrating a commitment to growth, while offshore investment opportunities abound. Ecopetrol reported a rise in crude production in the first half of 2019 to 726,000 b/d from 711,000 b/d in the same period last year, in line with the company's 2019 output target of between 720,000 b/d and 730,000 b/d. In 2015, the country produced double the number of barrels that it was able to ten years prior, thanks to political security and reduced conflict in rural, oil-rich areas.

And meanwhile, Colombia is a regional leader in tackling climate change, through sustainable energy solutions and international agreements.



President Duque speaking on climate change at the United Nations.

MARÍA FERNANDA SUÁREZ, the Minister of Energy and Mines, is working with President Duque to better attract investors and improve energy infrastructure. Previously Vice President of state oil company EcoPetrol, Suárez tells *Newsweek* about her Ministry and what ground it is making.

Working with the President

"President Duque promotes investment, promotes foreign investment, and we have generated conditions of legal certainty, conditions of relationship with the community. We are attractive to foreign investors."

Electricity: A three pronged approach

"In the electricity sector we have three pillars, which are efficiency, reliability and sustainability – those are the three pillars of our strategy. Perhaps the most important goal is for the country to accelerate the entry of unconventional renewable energies such as solar and wind."

Diversifying minerals

"Colombia must bet on diversifying and the country has great geological opportunities in gold and copper and other minerals that are fundamental in the energy transition."

"Colombia has great geological opportunities in gold and copper and other minerals that are fundamental in the energy transition."



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Tackling climate change

"The mining and energy sector was the first sector in Colombia that, derived from the Paris Agreement, in November 2018 under this administration, presented the comprehensive climate change plan. What does this mean? That we who have a goal of reducing 17 percent of projected emissions are absolutely clear about the axes through which we will comply."

American investment is welcome

"We are working with American officials and companies to improve our expertise, signing a memorandum with US Secretary of Energy Rick Perry to enforce that. And on our side, what we have seen in this year of government is that macroeconomic conditions and legal security conditions have reactivated the interest of American companies in entering Colombia."

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A REVOLUTION AT COLOMBIA'S NATIONAL HYDROCARBONS AGENCY

Formed in 2003 to oversee the administration of Ecopetrol, Colombia's state-owned petrochemicals company, the **National Hydrocarbons Agency (ANH)** has swiftly evolved to become a vital resource for investors of all sizes in an increasingly diversified industry within the South American nation.

After five years without assigning petrol blocks, ANH is reactivating the sector, having signed 16 contracts for exploration and production, sparking something of a revolution at the agency.

Colombia is announcing itself among the most competitive markets in Latin America – behind regional powerhouse Brazil – given its political stability compared with its resource-rich but turbulent neighbors of Venezuela and Ecuador, and Mexico and Argentina further afield.

Colombia produces an average of about 860,000 barrels of crude per day. Oil is both its top export and source of foreign exchange.

Since the election of President Duque to government, ANH has attracted millions of dollars, which investors say is in part due to the country's robust contract infrastructure. "The thing that makes Colombia most attractive to us is contract stability," said Charle Gamba, the founder and CEO of Canacol, a Canadian gas company based in Bogotá. "There's no risk of contracts being reneged here."

Colombia also boasts a wealth of conventional fuels beneath its soil and seas that are the envy of competitors due to their mineral variety – from heavy, light and medium crudes to gas.

Yet despite its attractiveness to major players, ANH also provides opportunities geared towards smaller companies, offering oilfields located in the country's interior. Unlike before, investors can explore any territory they wish, rather than relying on concessions only granted within regions mandated by ANH.

Similarly, changes in procedure mean that investors now receive assistance throughout the entirety of the process, beyond the initial purchase of the

concession. ANH now accompanies investors through all the secondary processes required, from environmental issues to labour practices.

MILESTONES

- **17 DECEMBER 2018**
For the first time in two years, the land map of hydrocarbon blocks was updated.
- **21 FEBRUARY 2019**
Nine contracts were signed with E&P Offshore, worth up to US\$1.7 billion.
- **29 MARCH 2019**
The first round reached a success rate of 55 percent, 11 contracts were awarded with an initial investment of US\$431 million.
- **JULY 2019**
Petroleum production reaches 869,000 bpd while gas hits 1043 million cubic feet per day.
- **18 SEPTEMBER 2019**
Bidding on 59 blocks announced at the next round.



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In September this year, ANH announced that Colombia will have 59 blocks on offer in its next round of oil bidding, following 11 contracts won by six companies earlier this year, which the agency expects will generate approximately US\$500 million in investment.

"The offer of blocks in this second auction is aimed towards ensuring energy self-sufficiency in Colombia, increasing reserves and generating critical resources to maintain fiscal and trade balances," the announcement statement said.



LUIS MIGUEL MORELLI, PRESIDENT OF THE NATIONAL HYDROCARBONS AGENCY

Morelli previously served as the governor of the Norte de Santander department, leaving to join the boards of Canadian energy companies, before becoming head of ANH.

Offshore is the future

"Offshore is something new for Colombia, and two companies are really taking a big leap here – Shell and Noble Energy. For 40 years offshore was essentially not happening in Colombia. These two companies that we have brought in will drill the deepest well on the Colombian Caribbean coast."

Foresight is key

"The investment will generate employment, get the economy moving along, but we need to understand and foresee the problems that could arise. The previous government modified the process of granting concessions, involving local communities and giving them the ability to object to company projects. Right now we are looking to reform – to democratize the economy – so that we can foresee any problems and be more agile."

Invest in infrastructure

"Outside of hydrocarbons, I would love to see more investment in transport infrastructure. And within our industry, it's something we notice, because in transporting gas it becomes a question of what comes first: the chicken or the egg? Do you invest in gas exploration first or in its transportation? We have learned a lot from our American collaborators about how to improve this. And by improving it we can improve an entire country."

Conflict

"The problems Colombia faced were not related to politics but to drug trafficking in places where the illegal coca crop is grown. And this can affect the security considerations of the oil industry. We have worked to anticipate these risks and generate resources for the regions, which can give people an alternative to criminality."

Exploring a bright, sustainable and prosperous future for Colombia
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**FEEL THE RHYTHM
OF COLOMBIA
AND LET ITS CULTURE
MOVE YOU.**

Barranquilla Carnival, Colombia.



El futuro
es de todos

Gobierno
de Colombia