

Colombia's Investment Climate and the Energy Charter

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I. Colombia

II. Energy resources

III. National strategy to boost investments

IV. International dimension

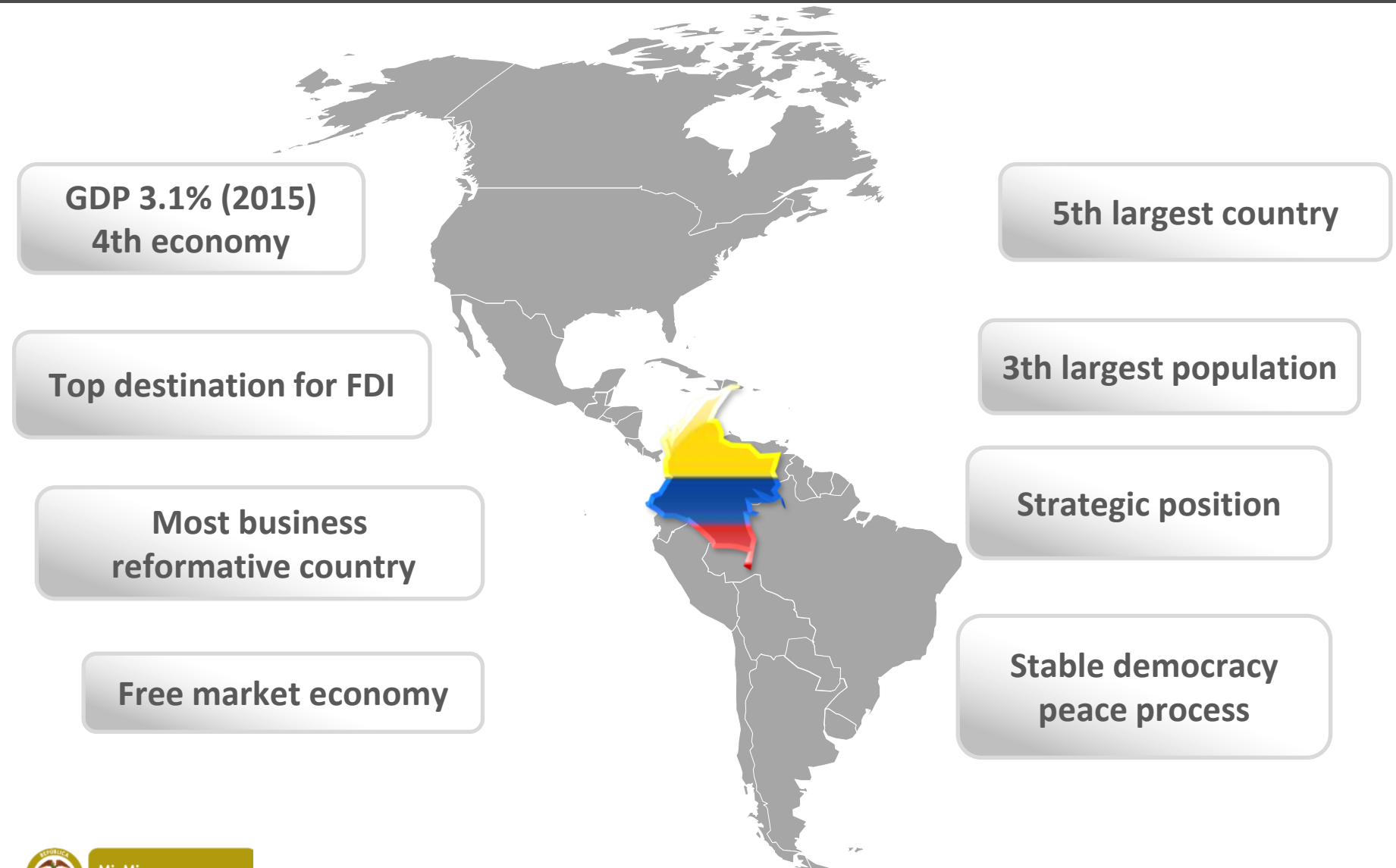
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Colombia



On the spotlight

Bloomberg and Forbes highlighted Colombia as an investment focal point

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FEBRUARY 25, 2013

Two of the most important international business media channels and the Organization for Economic Cooperation and Development noted in recent days that Colombia offers advantages over other countries in the region for foreign investment.

Colombia: A rediscovered country



For decades the rugged Andean landscape harboured crime and violence, but today regional pride is emerging in a revived

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Colombia Rising

By Tim Padgett and John Olin Monday, Apr 23, 2012

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Juan Manuel Santos, a leader known for a shrewd sense of political timing, is checking his watch as he sits down with TIME journalists at the Casa de Narino palace in Bogotá. Colombia's President isn't being rude; it's just that any minute now, 250 km to the south, Marxist guerrillas will release their last 10 military and police hostages. Santos knows the images — like the stirring picture of army sergeant Luis Alfredo Moreno, wrapped in a Colombian flag and pumping his fist skyward after being held 14 years in the jungle — will



Photograph by Christopher Morris for TIME—UK for TIME
Colombian resistance A new, ultra-modern library in the low-income area of Santa Comba in Bogotá's Medellín

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Colombia: Latin America's rising star

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Colombia's domestic economy is growing, as are its foreign assets. There is little to suggest it cannot continue to grow over the coming decade, even if its political situation remains tinged with uncertainty

From its position as a declared 'failed state' in the 90s, Colombia has turned into one of the most stable growing markets in Latin America. The economy grew six percent in 2011 and four percent in 2012, with similarly strong growth forecasts over the coming years. It has been highlighted by the World Bank as a

Colombia is one of the countries with the biggest potential for foreign investment

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Top 20 **oil**-producing countries

5th **coal** exporter worldwide

Hydro sources could exceed national demand 7 times

Self-sufficient in **Natural gas**

Large potential on **renewable energies**

3rd greatest potential in **shale** gas and oil

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Strategy

1990: market **liberalisation**

A **clear** legal framework

Non discriminatory rules

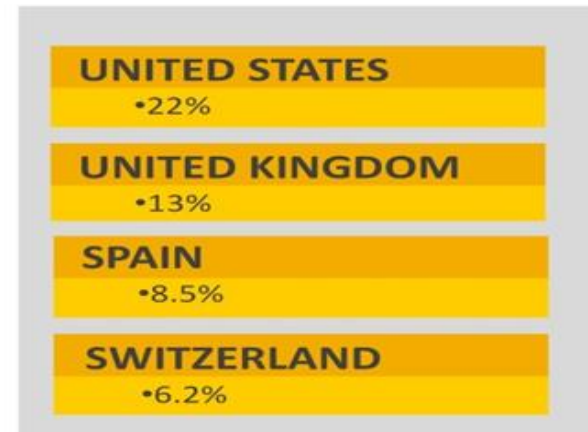
Easy access to markets

Fair competition conditions

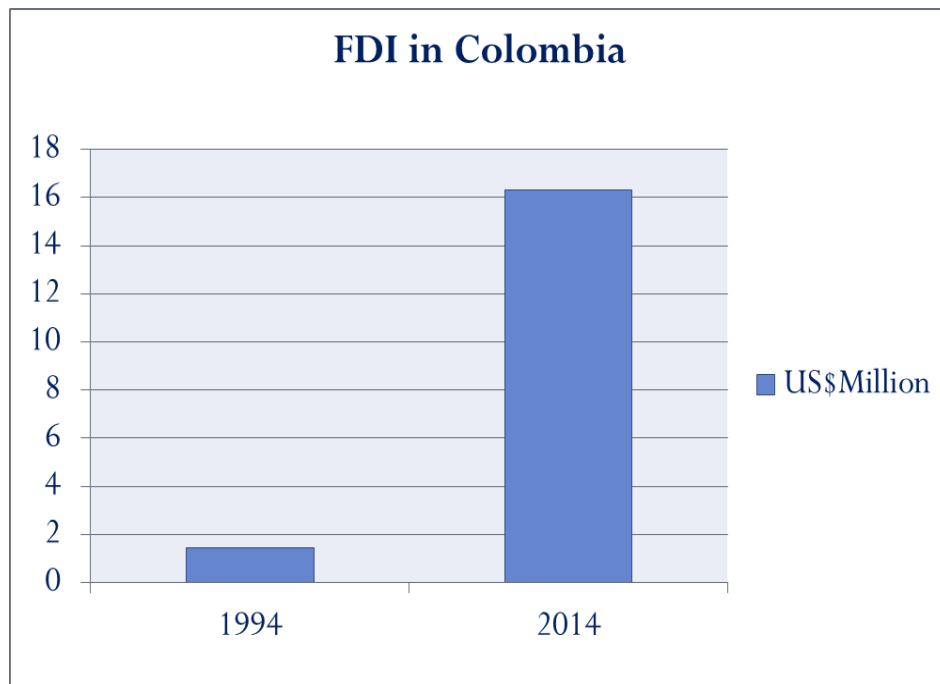
Stability for investors

Improvement of security conditions

Top Investing Countries in Colombia
2000– 2015 IIQ

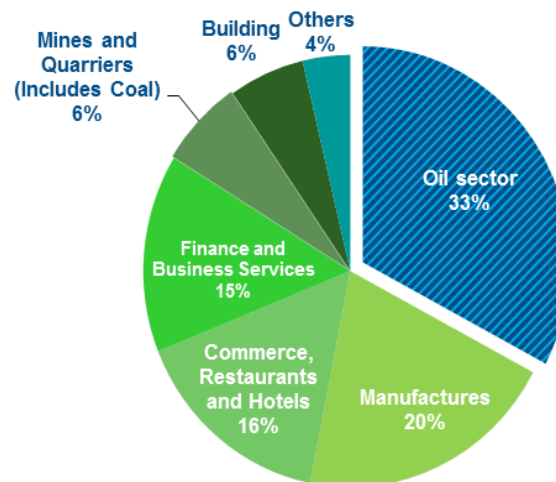


TOTAL 2005 – 2015 IIQ: US\$ 131,733



Source: Central Bank of Colombia

FDI FLOW SHARE % 2015



Source: Balance of payments, Central Bank of Colombia
Calculations: Proexport

FDI increased from USD \$ 1.447 million in 1994 to over USD \$ 16.325 million in 2014.

Electricity

1994: Reforms (Laws 142 and 143)

Improvement efficiency and **reliability**

More agents and **competition**

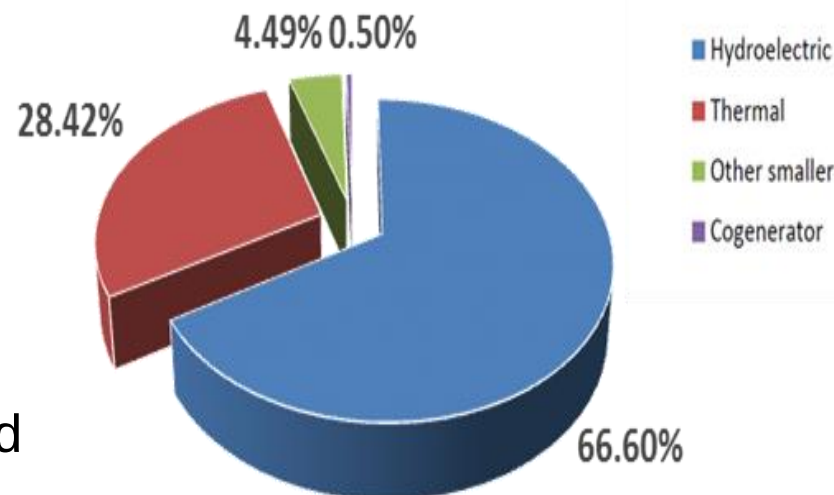
Increase in electric **access**

Objectives: investment, renewables and regional **integration**.

Interconnection projects:

- Colombia and Panama 2018
- **Andean** Electrical System 2020

Installed capacity 2014: 14.558 MW



Source: Expertos en Mercado, XM 2015

Oil & Gas

1905: Open market

Fiscal incentives

Offshore Potential



2003: Legal reform

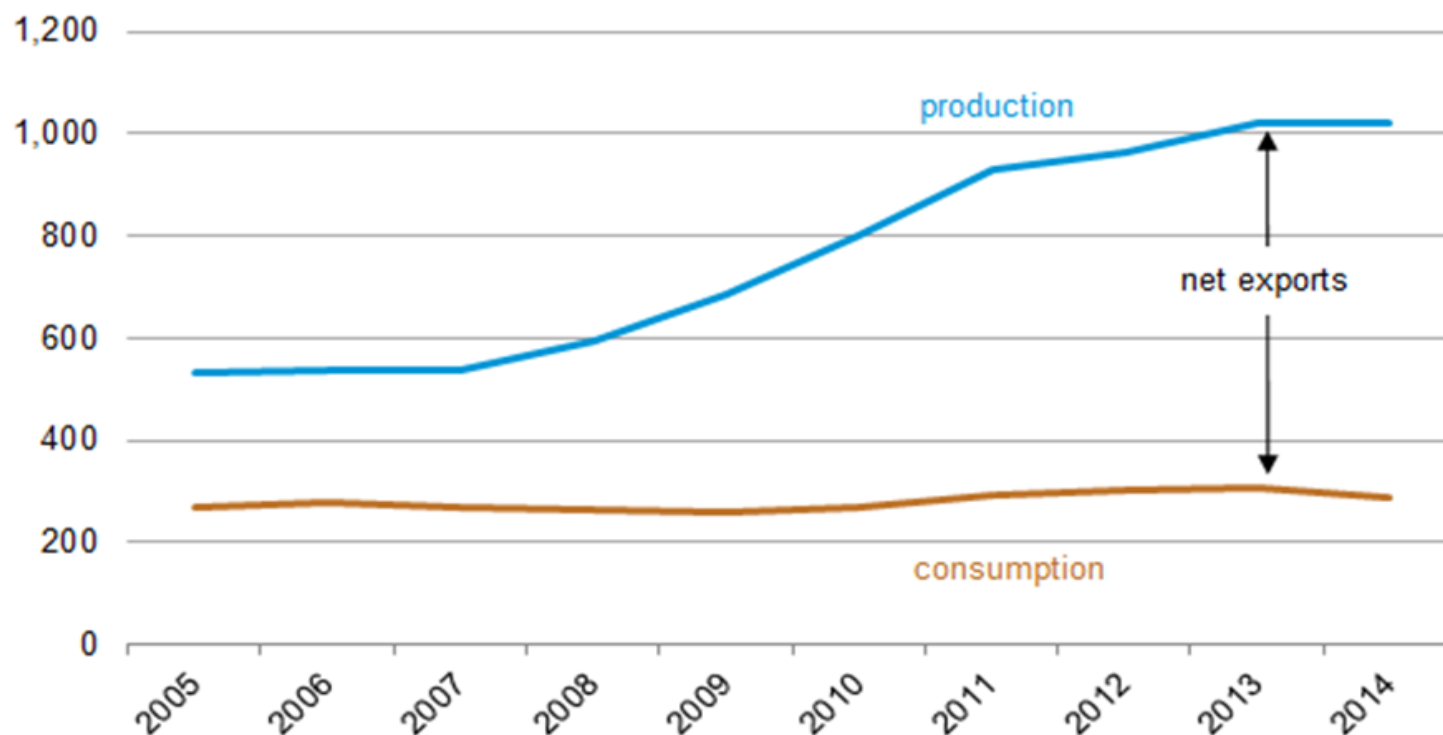
2007: Transparent
biddings

2007: NOC partial
privatization

2015: Measures low oil
prices

2011: Increase production

Colombian petroleum and other liquids production and consumption thousand barrels per day



Source: U.S. Energy Information Administration

Top 10 Performers

Global Energy Architecture Performance Index 2016

	Country	2016 score ²	  			2009-16 trend ³
			Economic growth and development	Environmental sustainability	Energy access and security	
1	Switzerland	0.79	0.72	0.76	0.88	▲ (+1)
2	Norway	0.78	0.65	0.74	0.95	▼ (-1)
3	Sweden	0.76	0.61	0.80	0.89	▲ (+1)
4	France	0.76	0.60	0.80	0.88	▼ (-1)
5	Denmark	0.76	0.67	0.70	0.91	▲ (+1)
6	Austria	0.75	0.64	0.74	0.88	▲ (+3)
7	Spain	0.75	0.65	0.74	0.87	▲ (+5)
8	Colombia	0.75	0.74	0.67	0.84	▲ (+3)
9	New Zealand	0.75	0.59	0.75	0.90	▲ (+4)
10	Uruguay	0.74	0.69	0.73	0.81	▲ (+16)

Source: World Economic Forum, 2016

“A number of regulatory changes played a role in turning the Colombian oil and gas sector around and attracting increased investment. (...) This case of study highlights how the right market incentives have significant potential to turn and energy sector around”.

World Economic Forum, Global Energy Architecture
Performance Index, 2015

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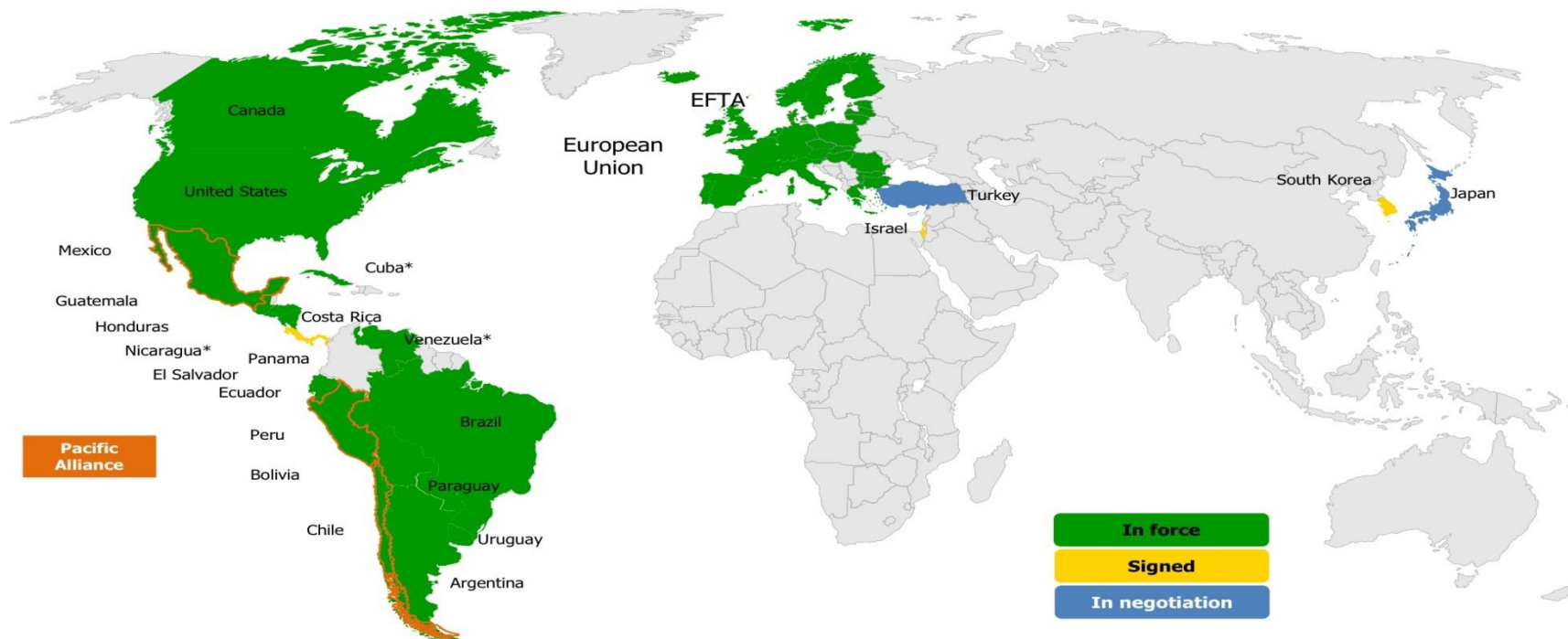
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International Dimension

In 2014 Colombia was one of the most active countries in concluding International Investment Agreements



COLOMBIA HAS ACCESS TO MORE THAN 45 COUNTRIES AND 1,500 MILLION CONSUMERS THROUGH ITS NETWORK OF TRADE AGREEMENTS

Source: PROCOLOMBIA, December 2015

International Dimension

Globalized economy

2015: Colombia signed the International Energy Charter



Energy market integration

Common principles could enhance confidence in the Colombian energy market and facilitate regional integration

“Despite a multitude of regional trade agreements, economic linkages within the region [The Latin America and Caribbean region] tend to be limited and largely confined to sub-regions.”

World Bank, Global Economic Prospects, 2016.

An attractive **target** for investments in the energy industry

Traditionally **open** to foreign capitals

A **stable** legal system that protects investments

Important steps towards the global **integration**

Focus on the **regional** and **international** energy integration



Thank you!
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