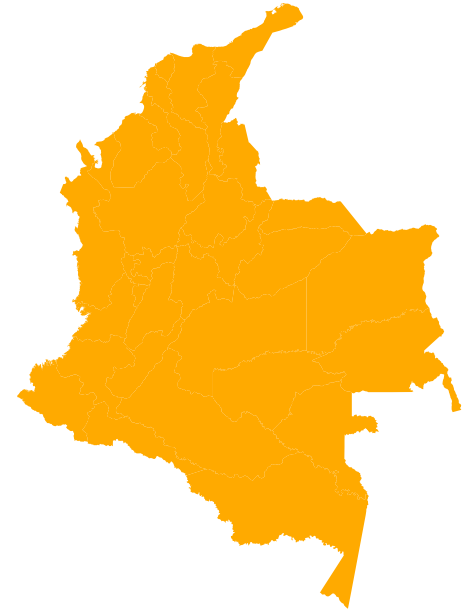


Colombia within Latin America and Latin America
within the World. Problems and Challenges.



Pablo Navas Sanz de Santamaría

Colombia



Area: 1'141,748 km²

Population: 46'366,364 inhabitants



Agenda

- ▶ Latin America Within the World
- ▶ Colombia
 - ▶ Background
 - ▶ Recent Highlights and Perspectives
 - ▶ Challenges
- ▶ Colombia and Turkey

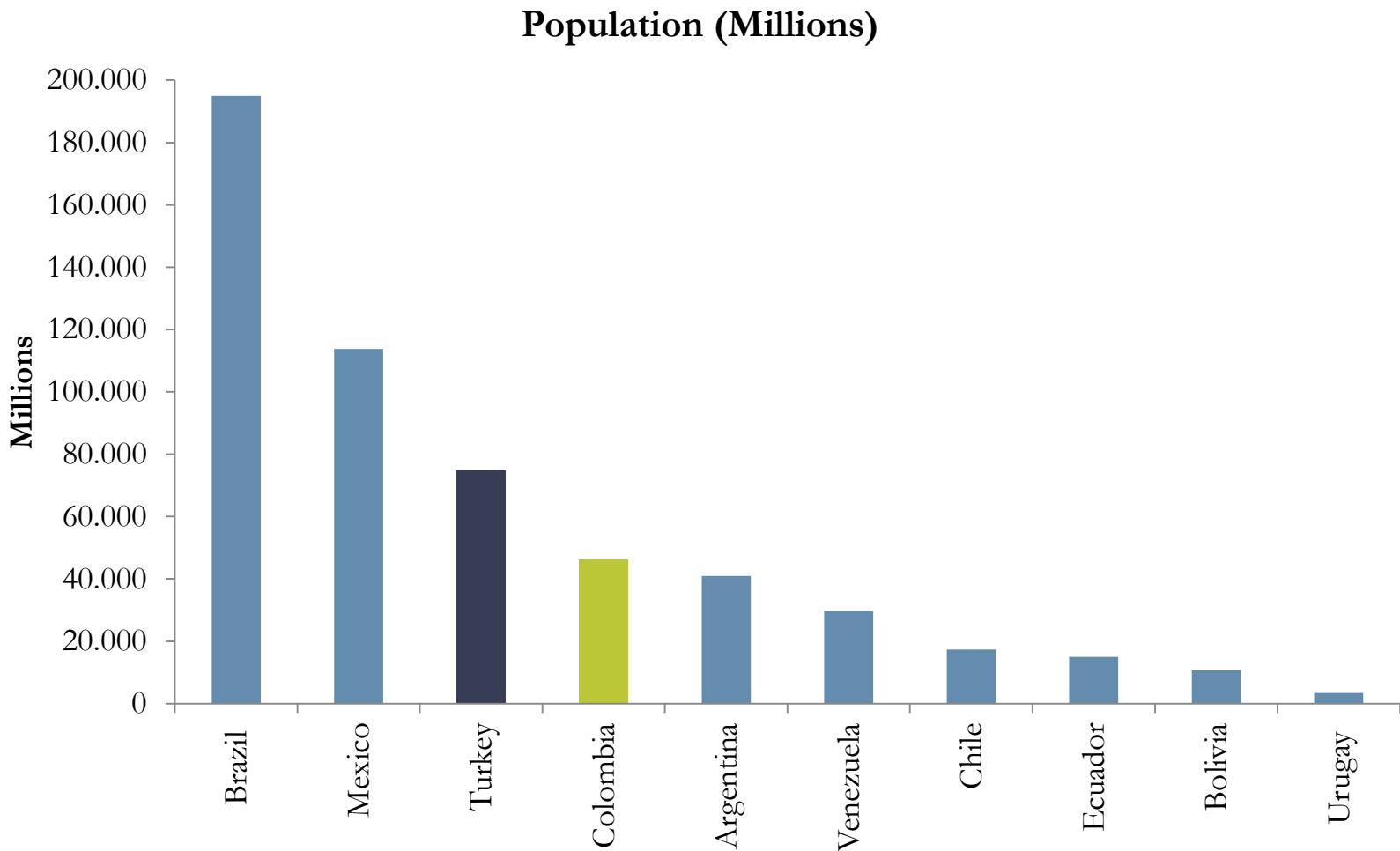


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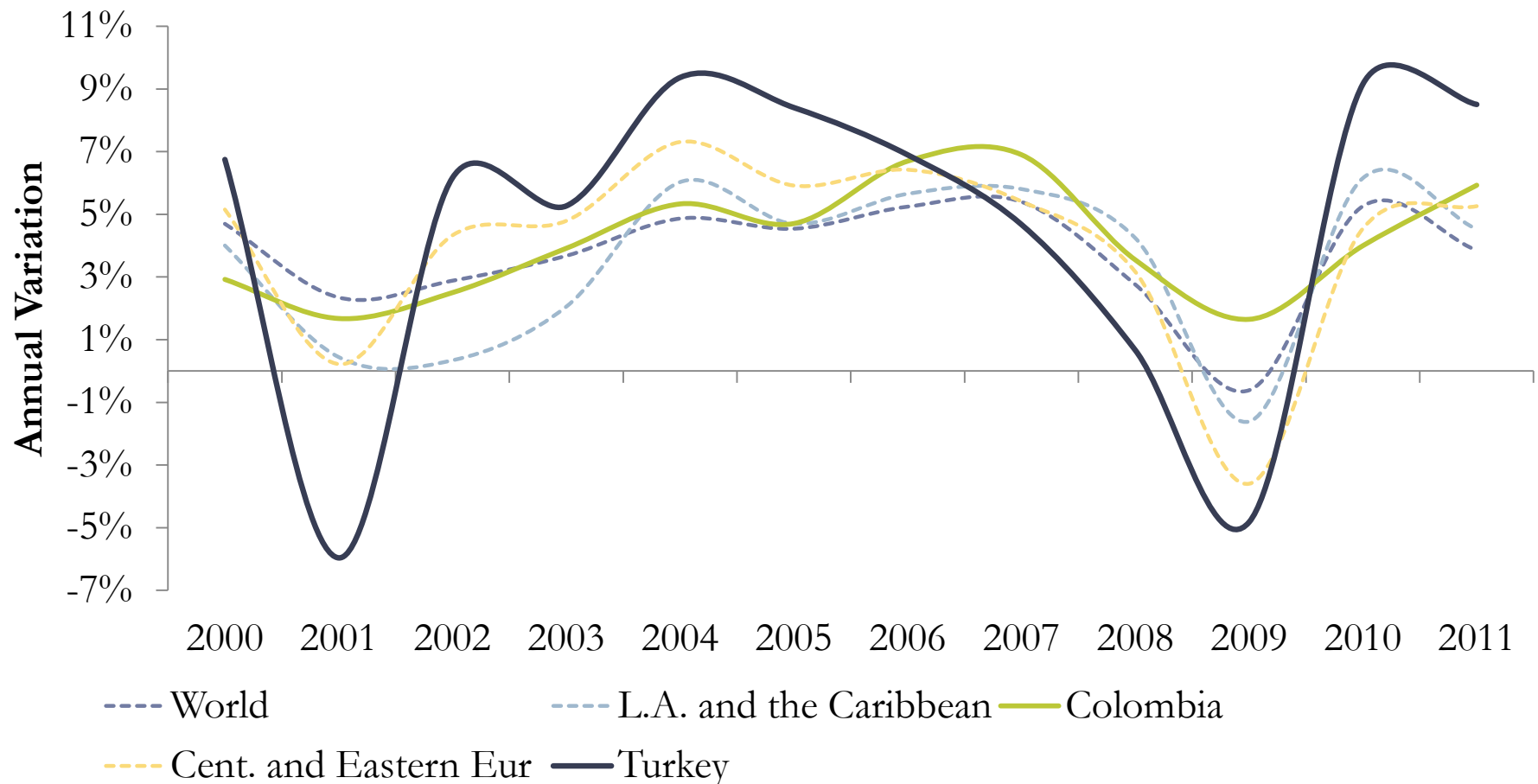


Population



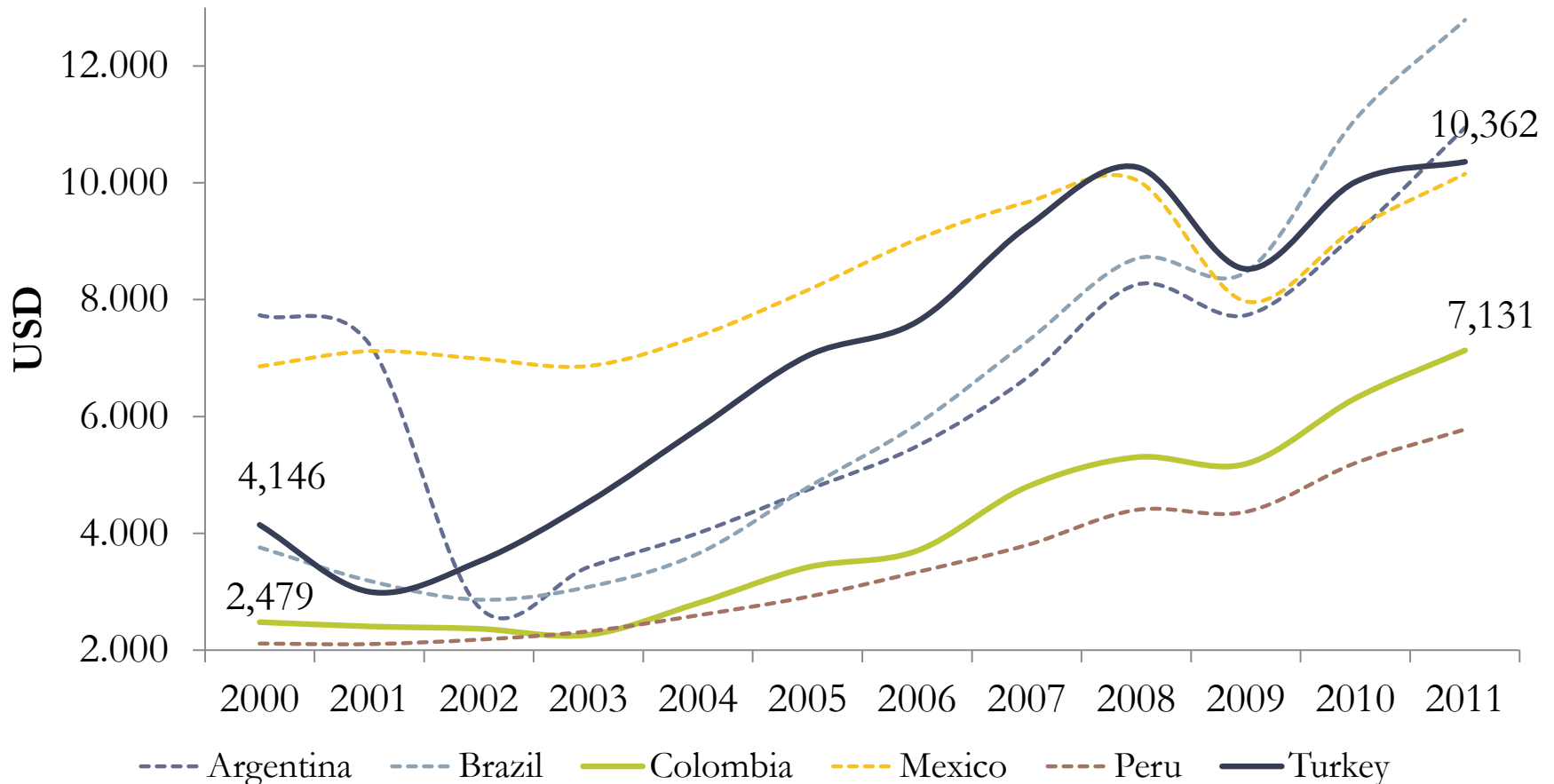
In Latin America, the impact of the 2009 crisis was less severe and Colombia did not experience a contraction

Annual variation GDP



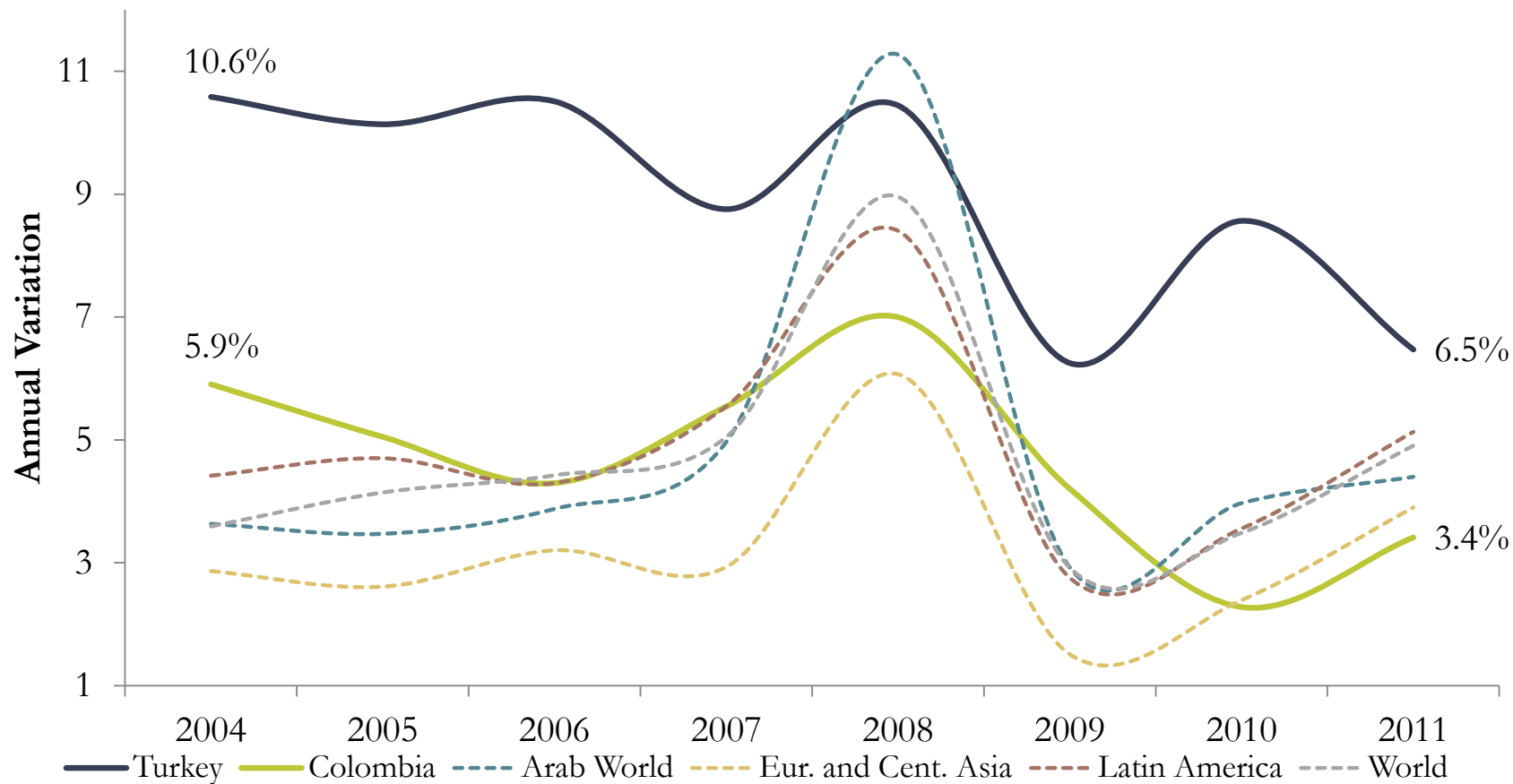
GDP/Capita comparison

GDP/Capita, USD Current Prices

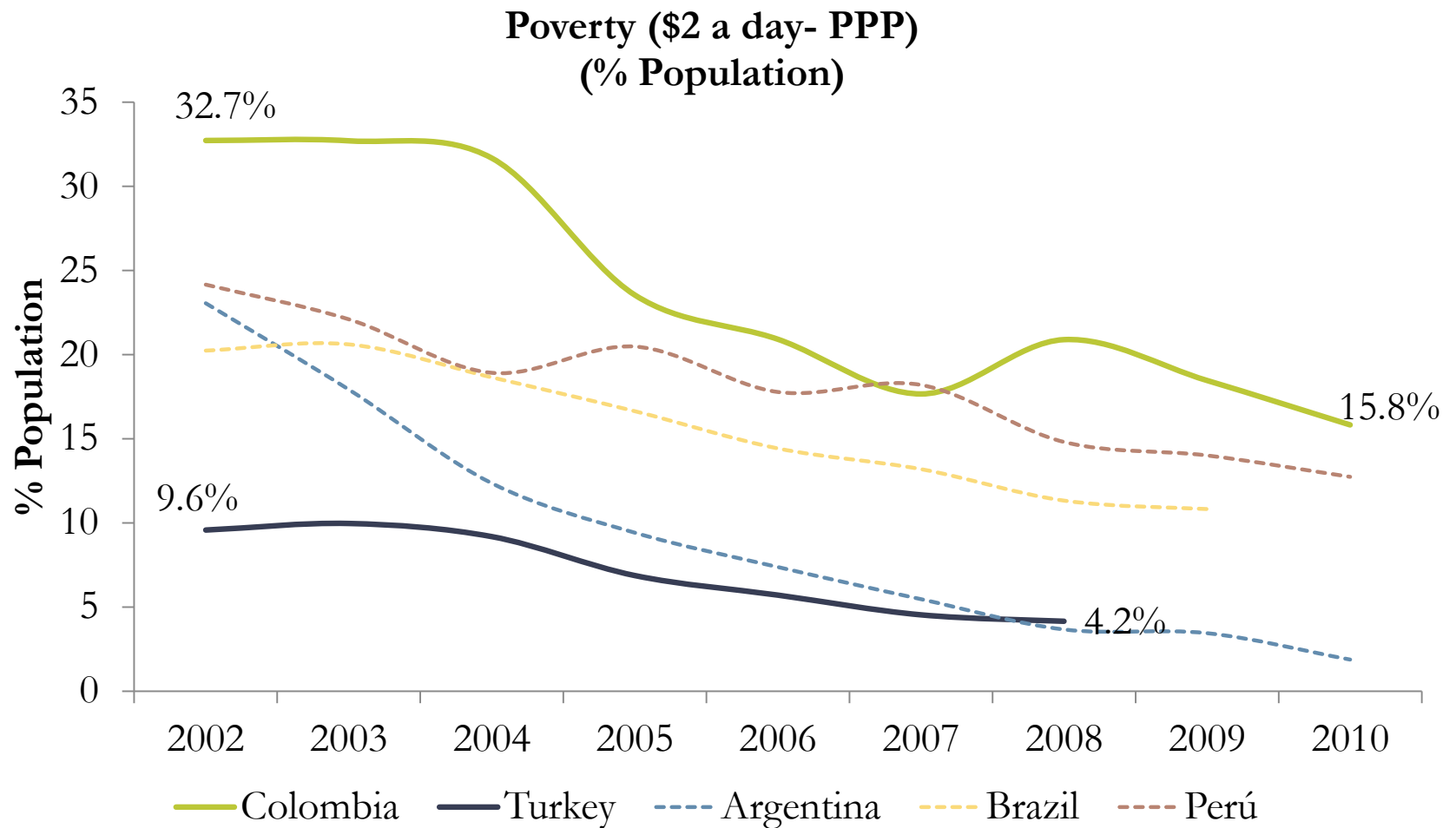


Inflation

Inflation Consumer Prices (Annual %)

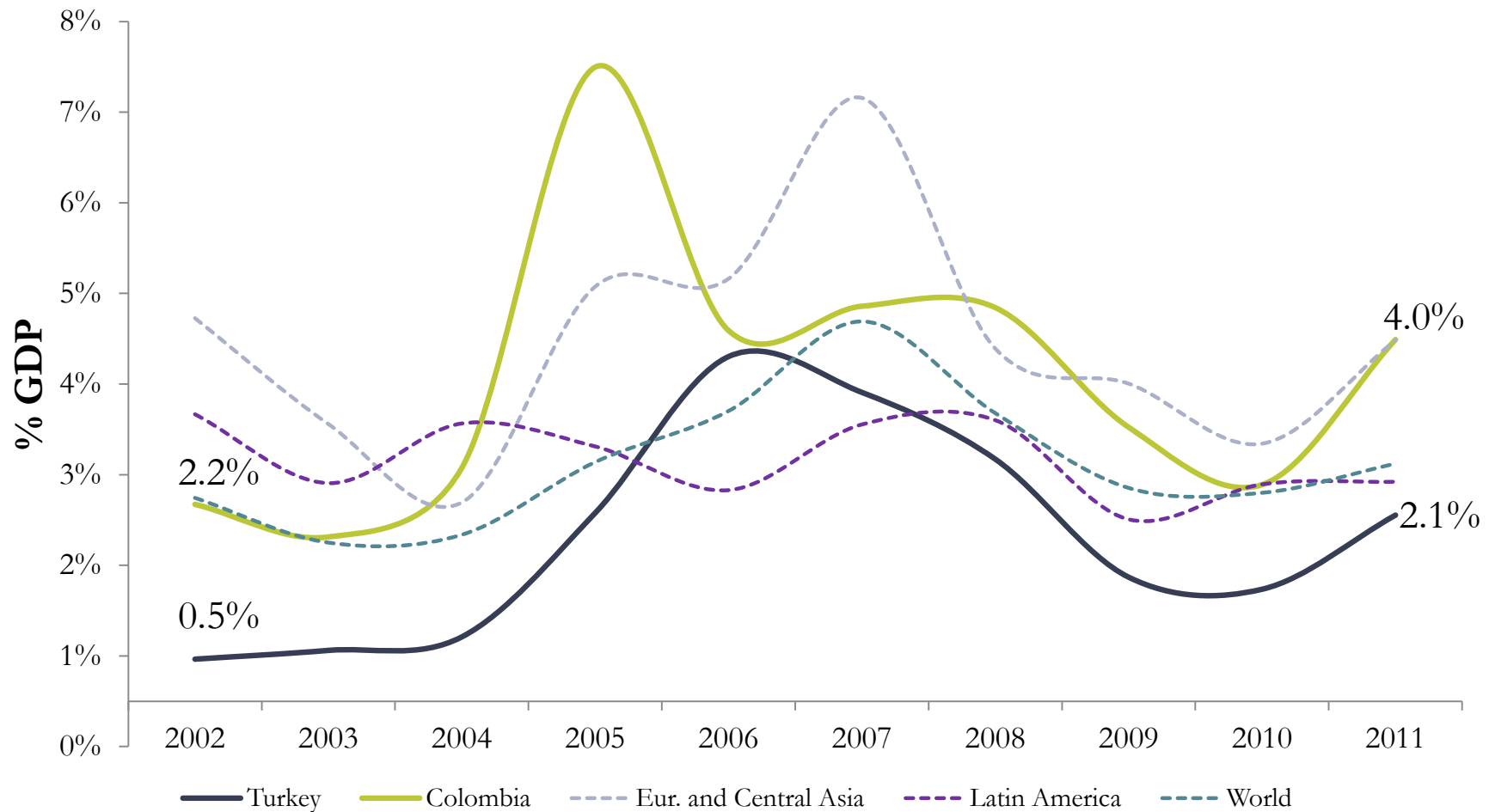


Poverty rates



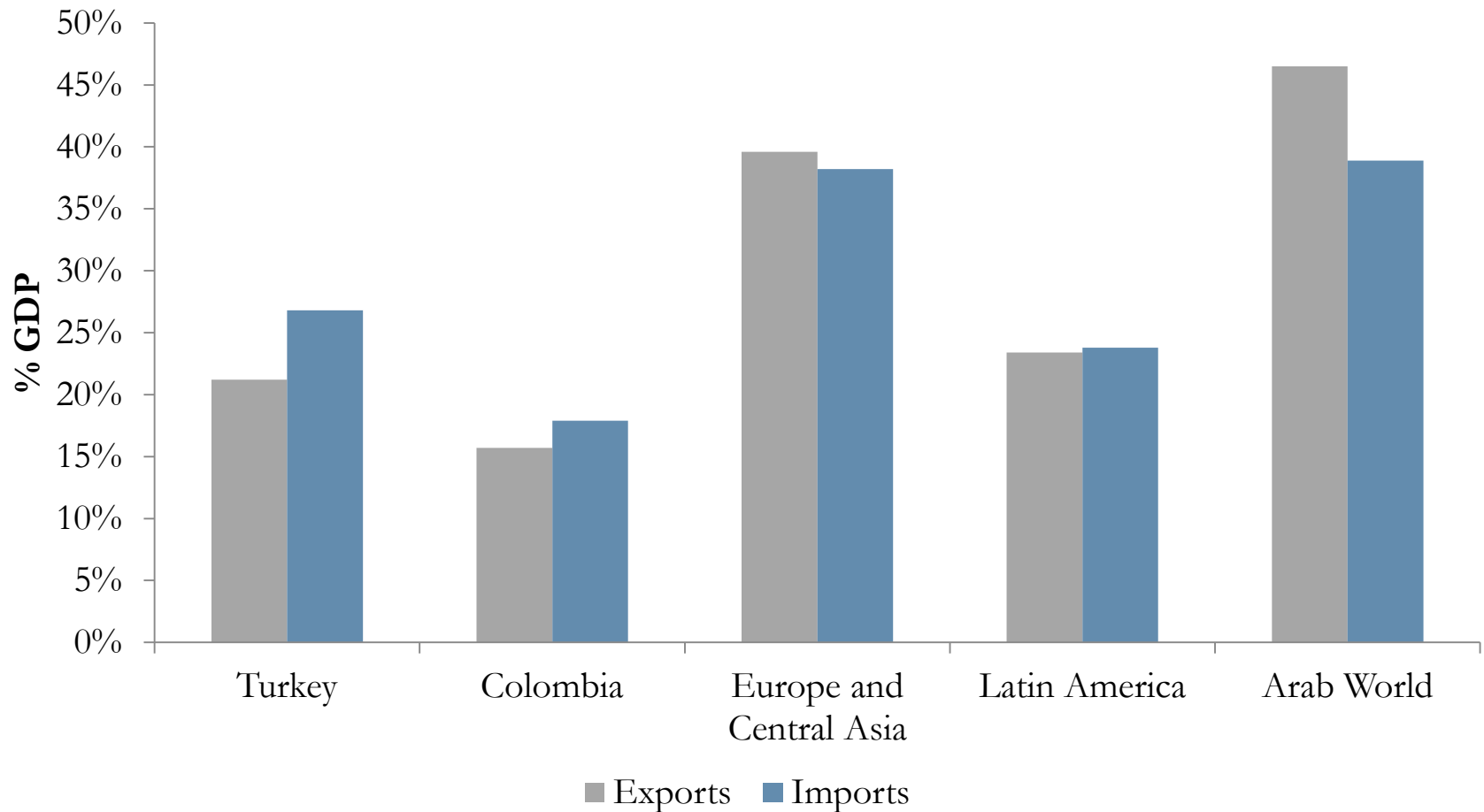
Foreign Investment

Foreign Direct Investment, Net Inflows (%GDP)

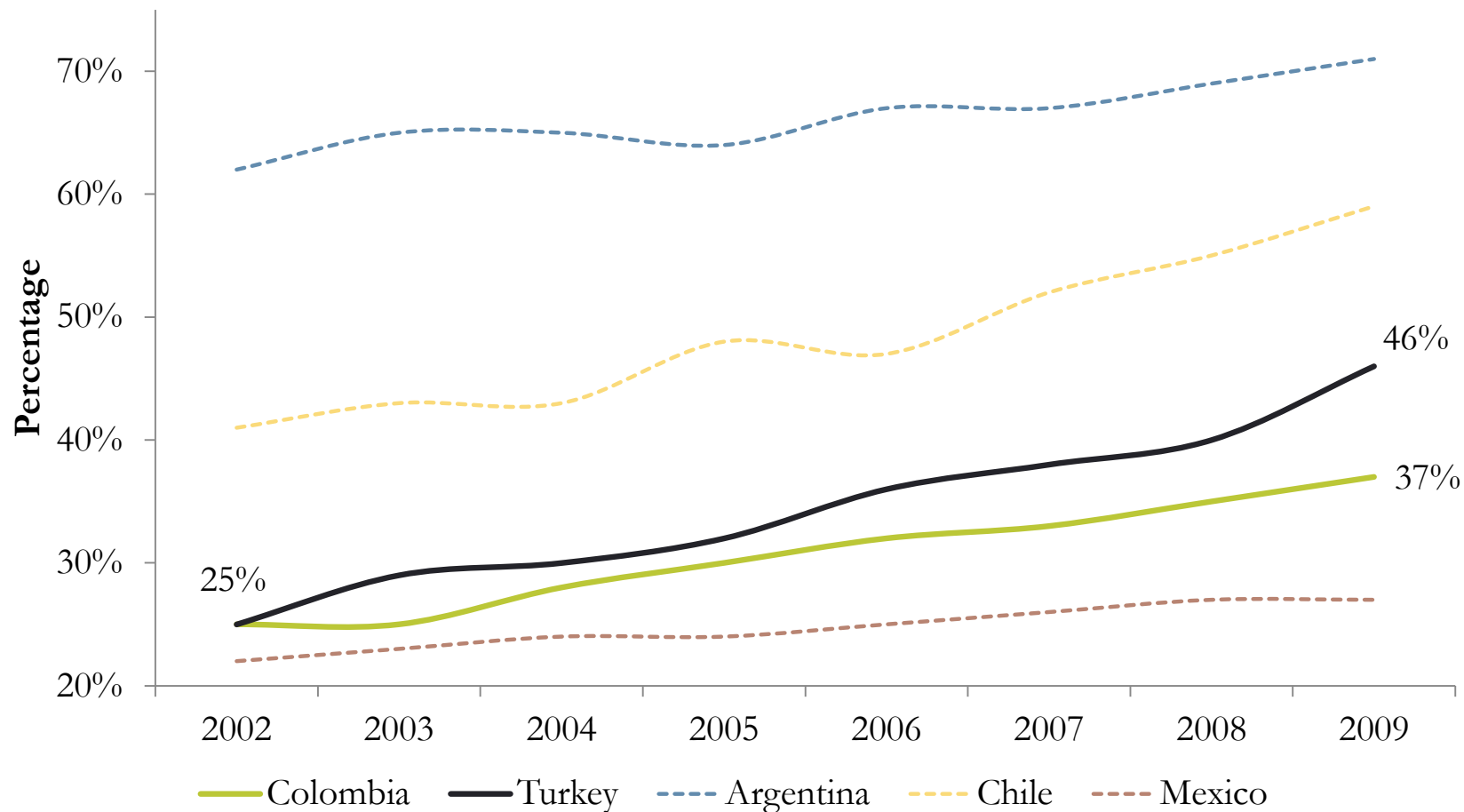


Exports and Imports

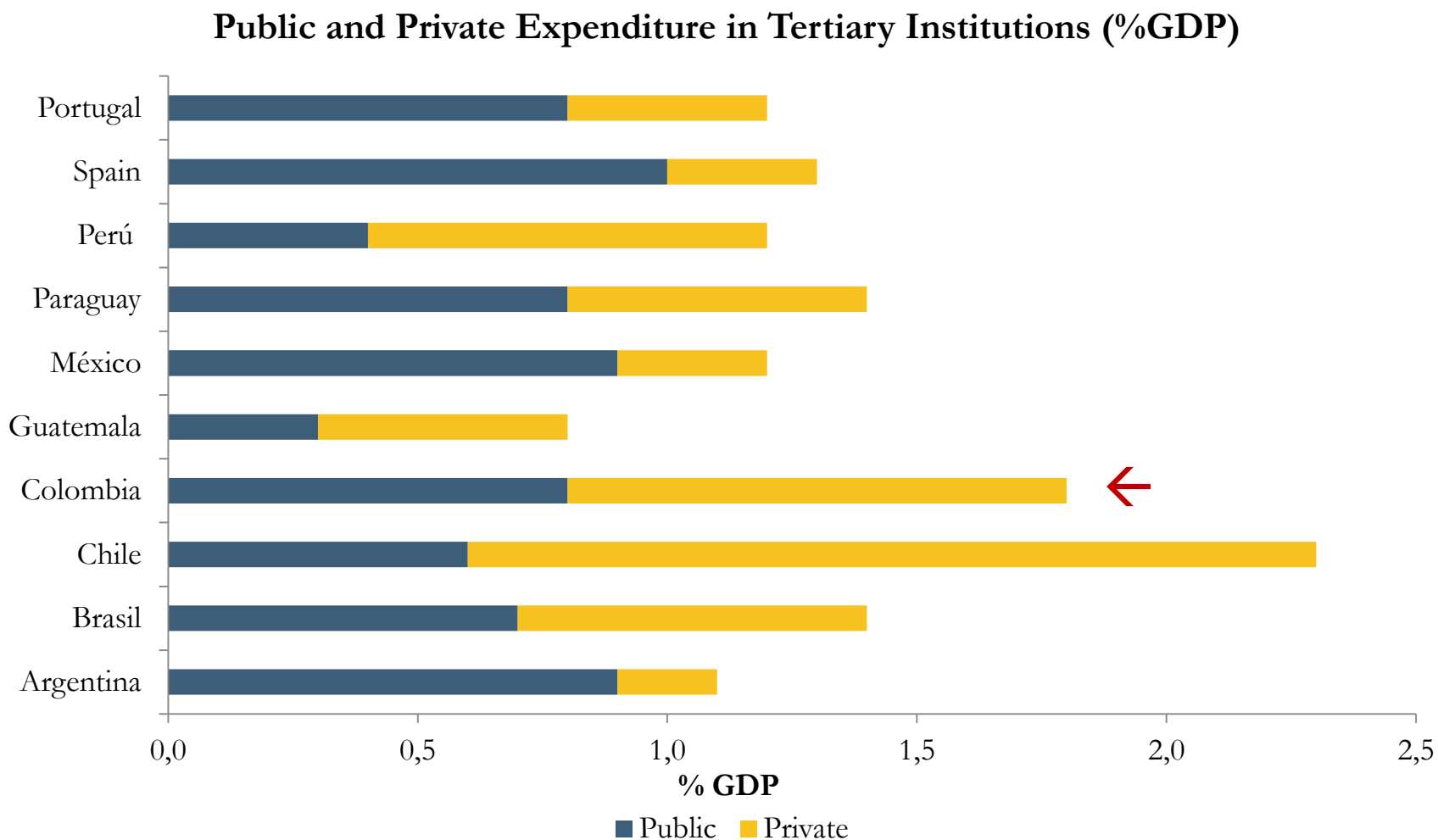
Exports and Imports (%GDP), 2010



In some countries, tertiary school enrollment is still low

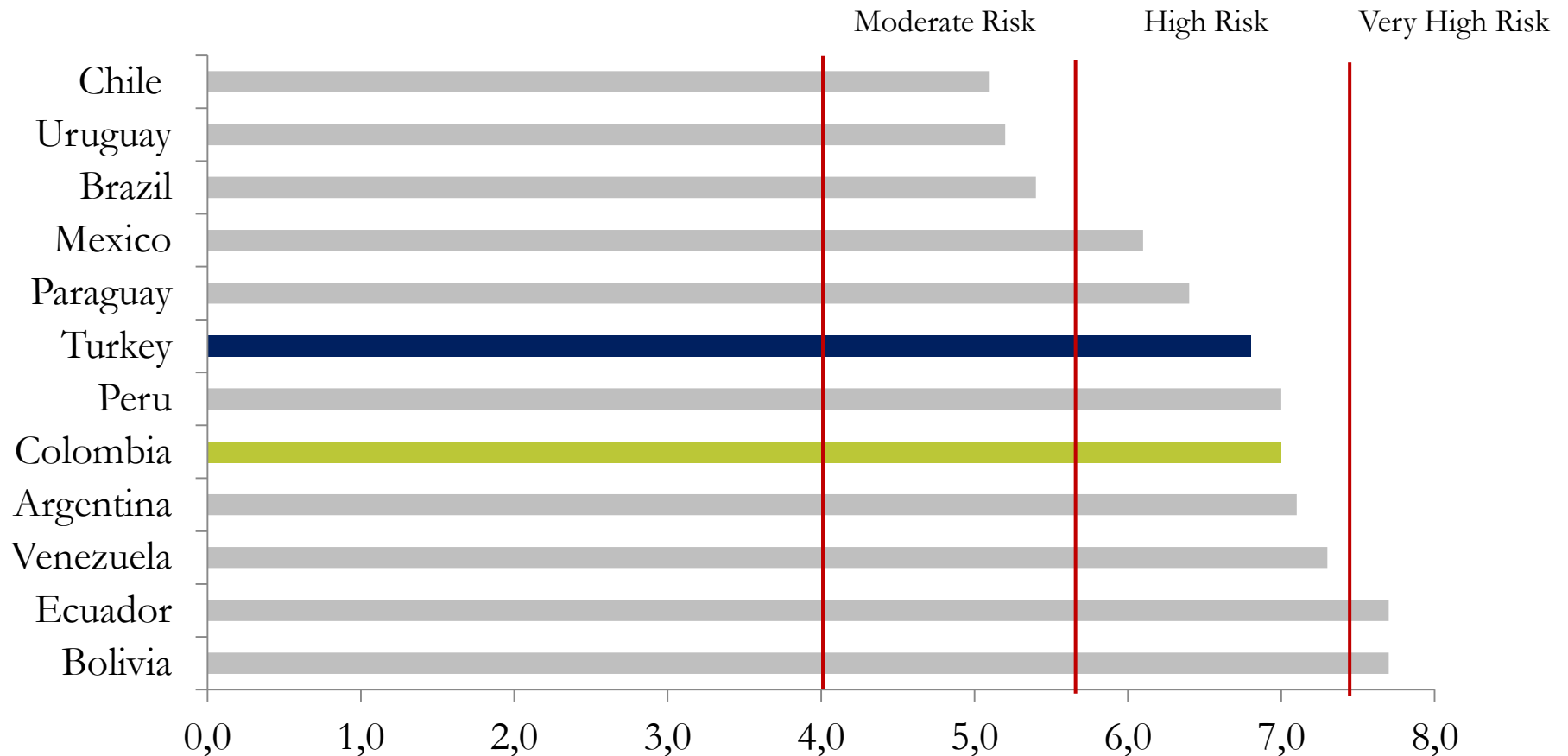


Public and private expenditure in tertiary institutions



Political Instability Index

Political Instability Index 2009/2010

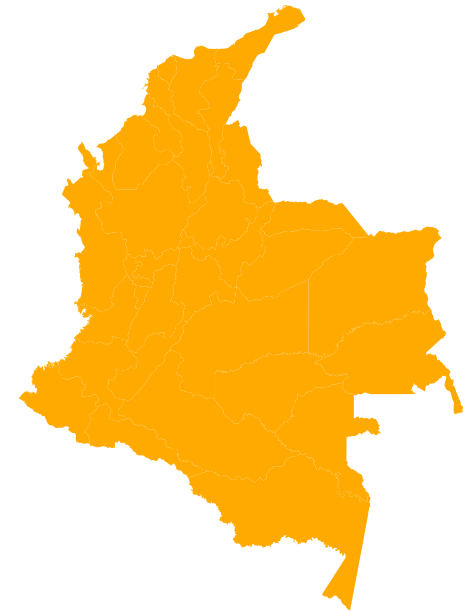


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Geographic location



Area: 1'141,748 km²

Population: 46'366,364 inhabitants



Colombia is part of the “New” World

- ▶ Civilization was born in this part of the world
 - ▶ Constantinople was Founded in 326 AD
 - ▶ Hagia Sophia was built in 560
 - ▶ Sultan Mehmet II entered Constantinople in 1453
 - ▶ Architect Sinan was born 1489
-
- ▶ America was “discovered” by Europe in 1492
 - ▶ Bogotá was Founded in 1536
 - ▶ Colombia Independence from Spain in 1810



Background

- ▶ Economic crisis in the late nineties
 - ▶ Crisis coincided with an acceleration of the armed conflict
- ▶ Beginning in 2003, the improvement on external conditions (higher commodity prices and higher foreign investment) allowed an almost spectacular economic recovery
- ▶ Colombia is part of CIVETS: Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa. These are medium size economies with excellent growth prospects.

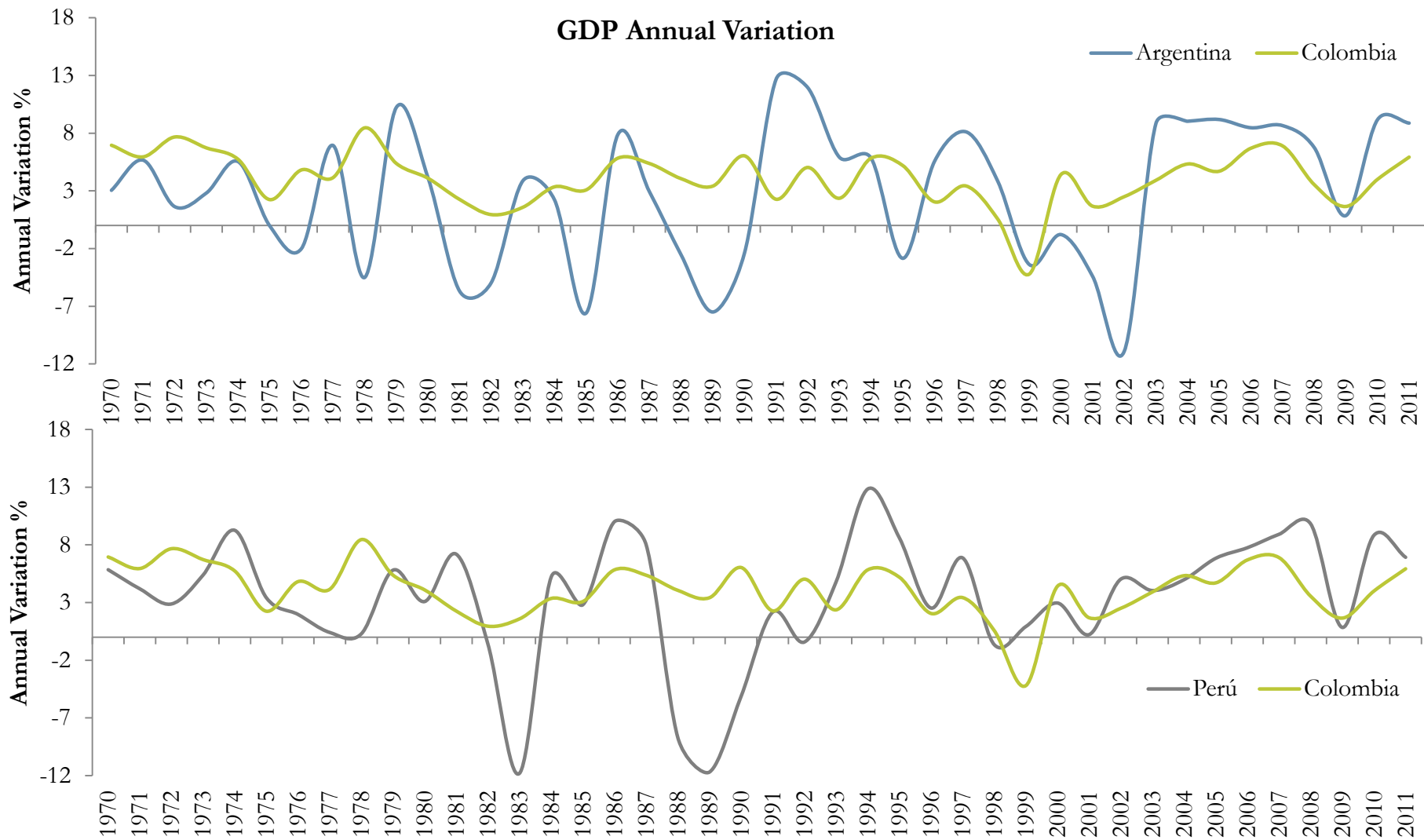


Economic and political stability

- ▶ Has always met its external obligations.
 - ▶ Even during the debt crisis
- ▶ Stable democracy since 1958
- ▶ New Constitution in 1991



Example of stability in the region



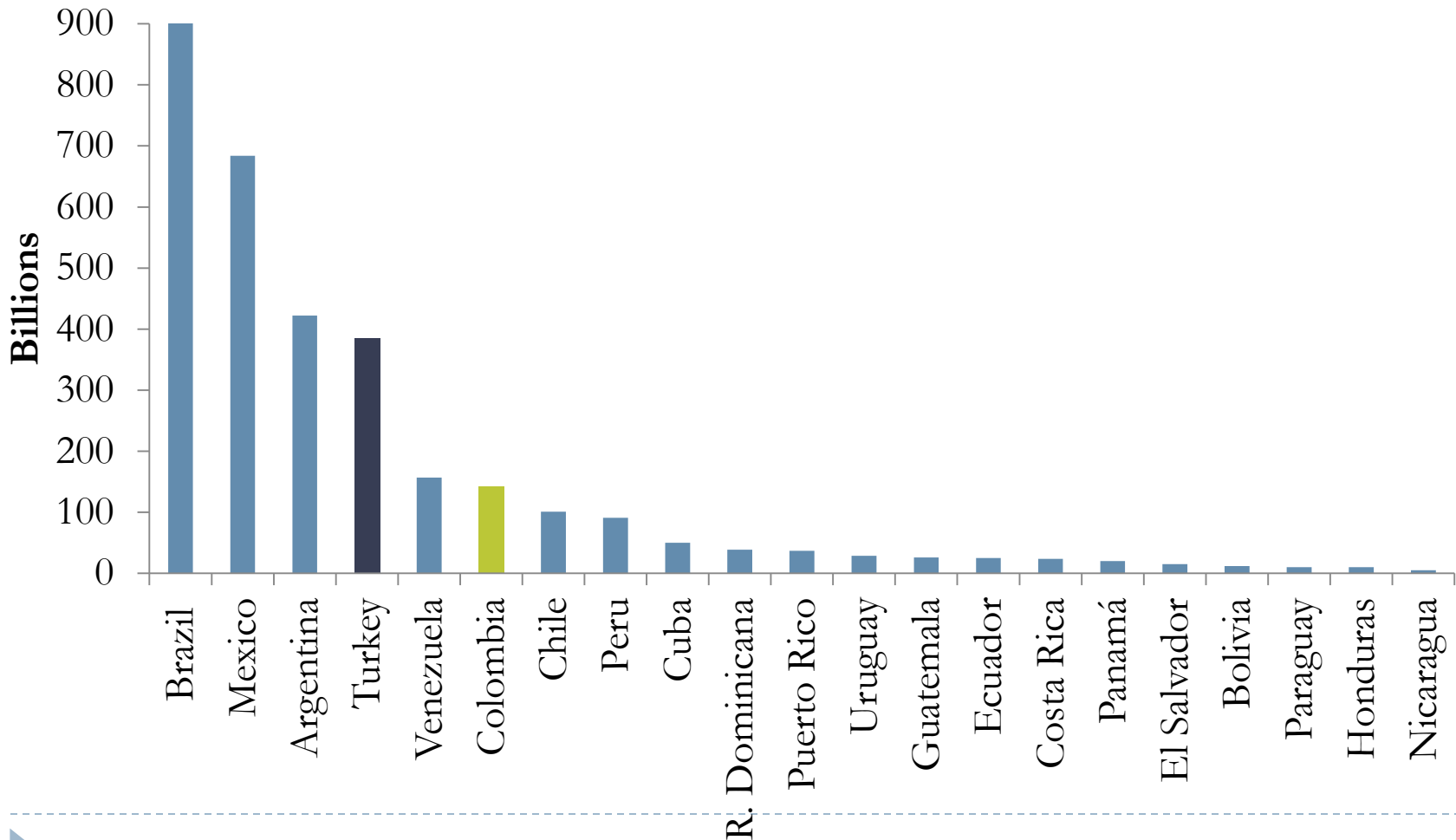
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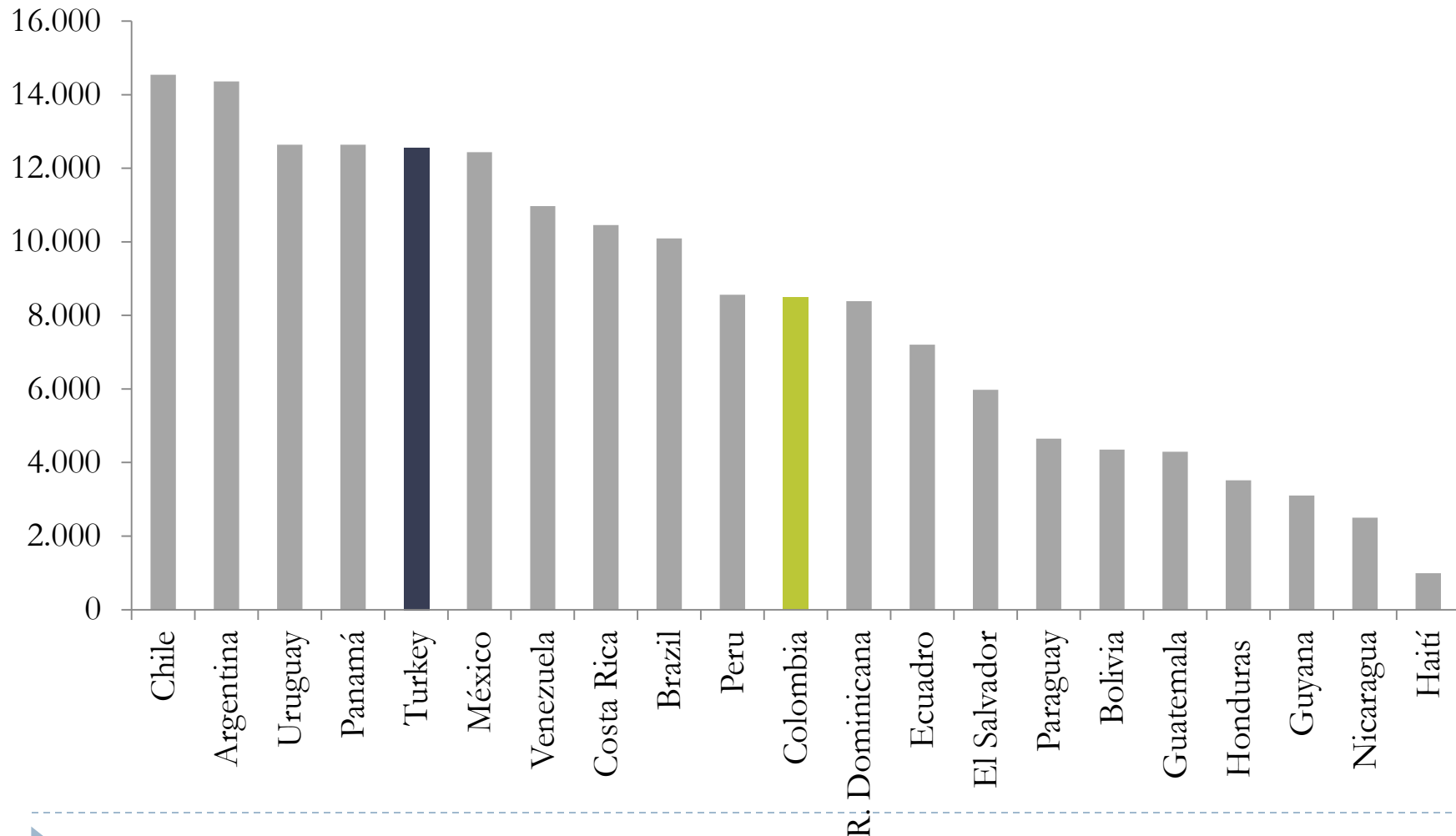
Fifth economy in Latin America

GNI (Constant 2000 USD) Billions, 2010



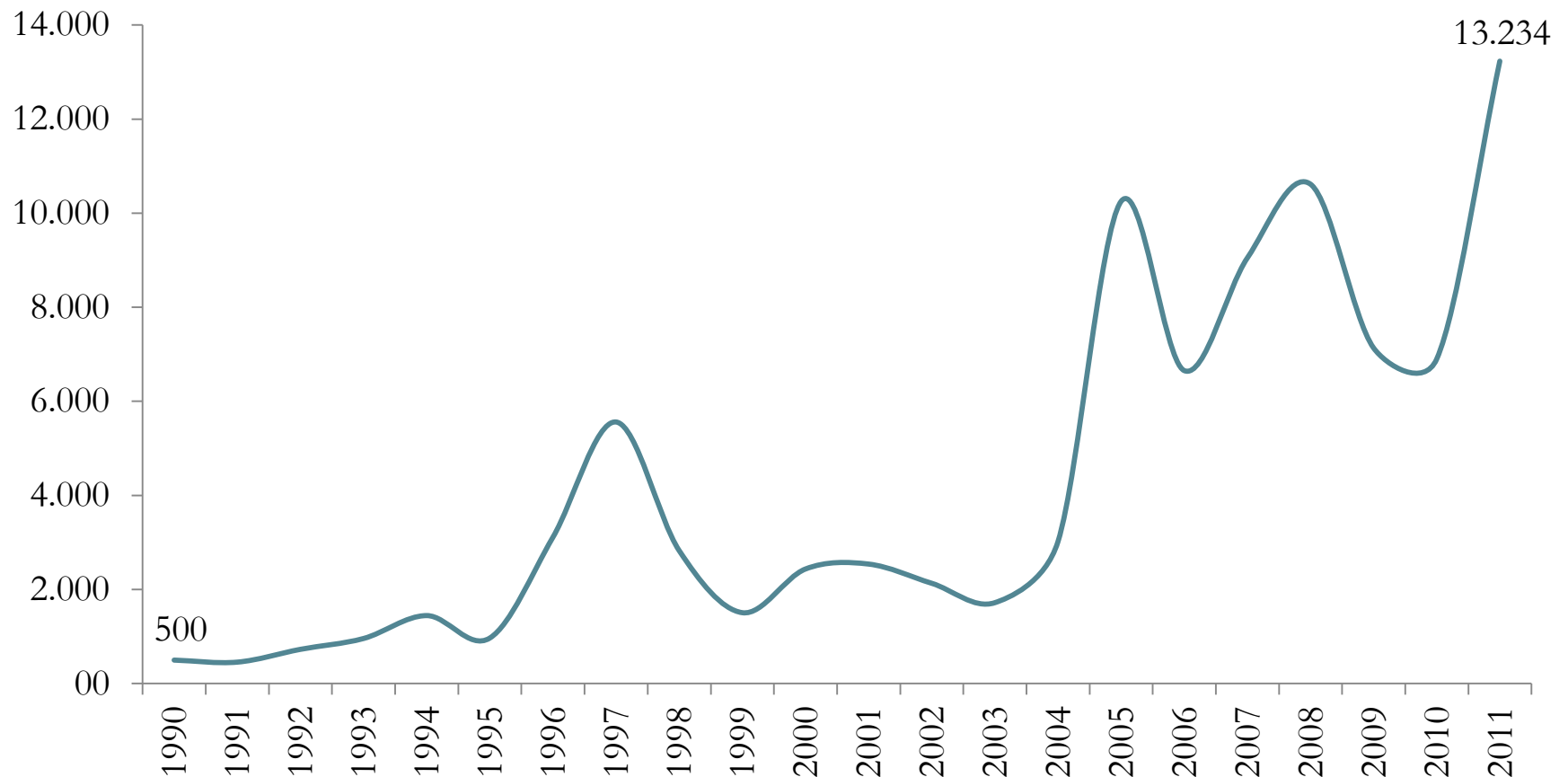
Middle income country

GDP per capita 2010, PPP (Constant 2005 international \$)



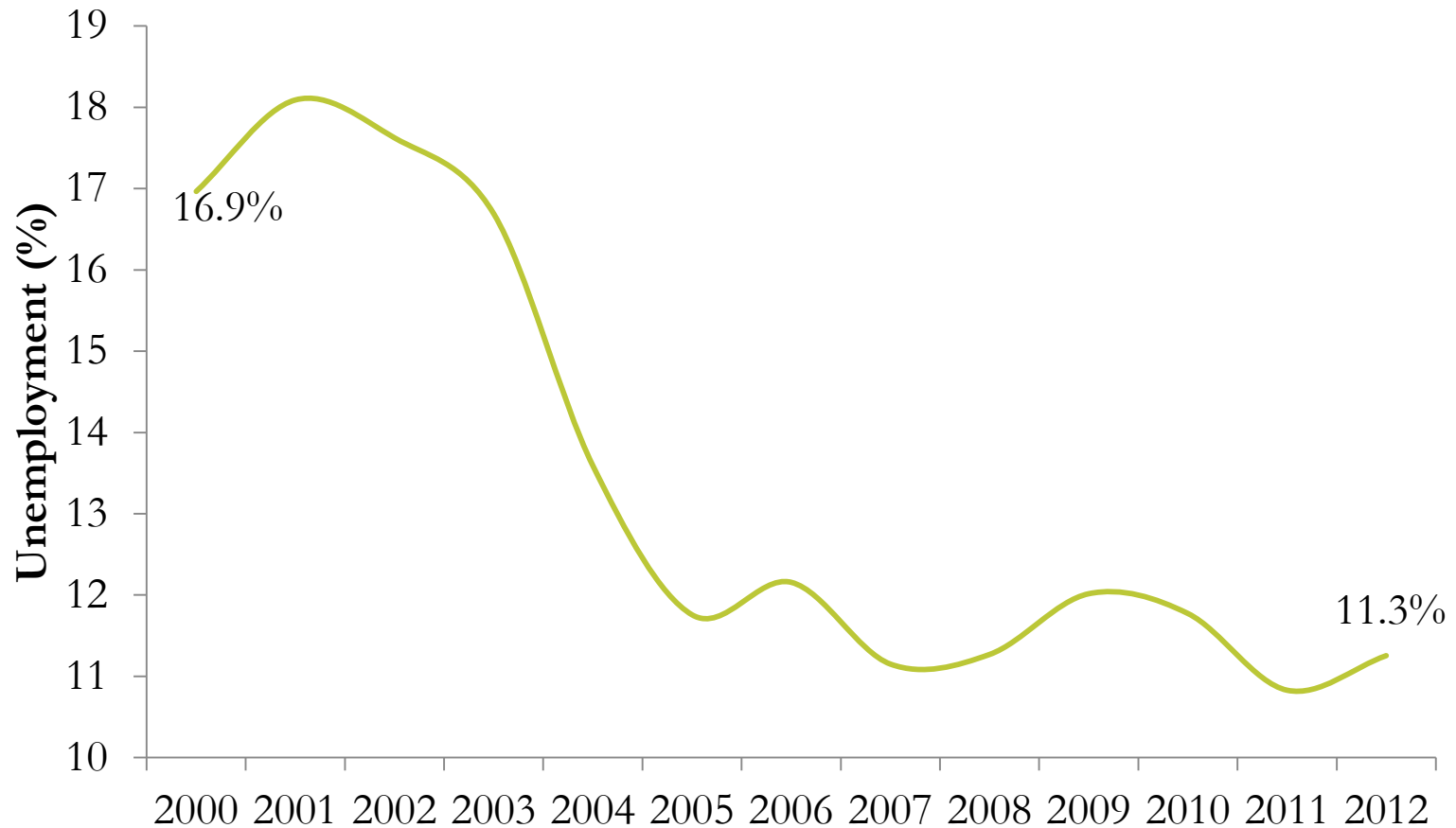
Increasing Foreign Investment:

**Foreign direct investment millions, net inflows
(BoP, current US\$)**



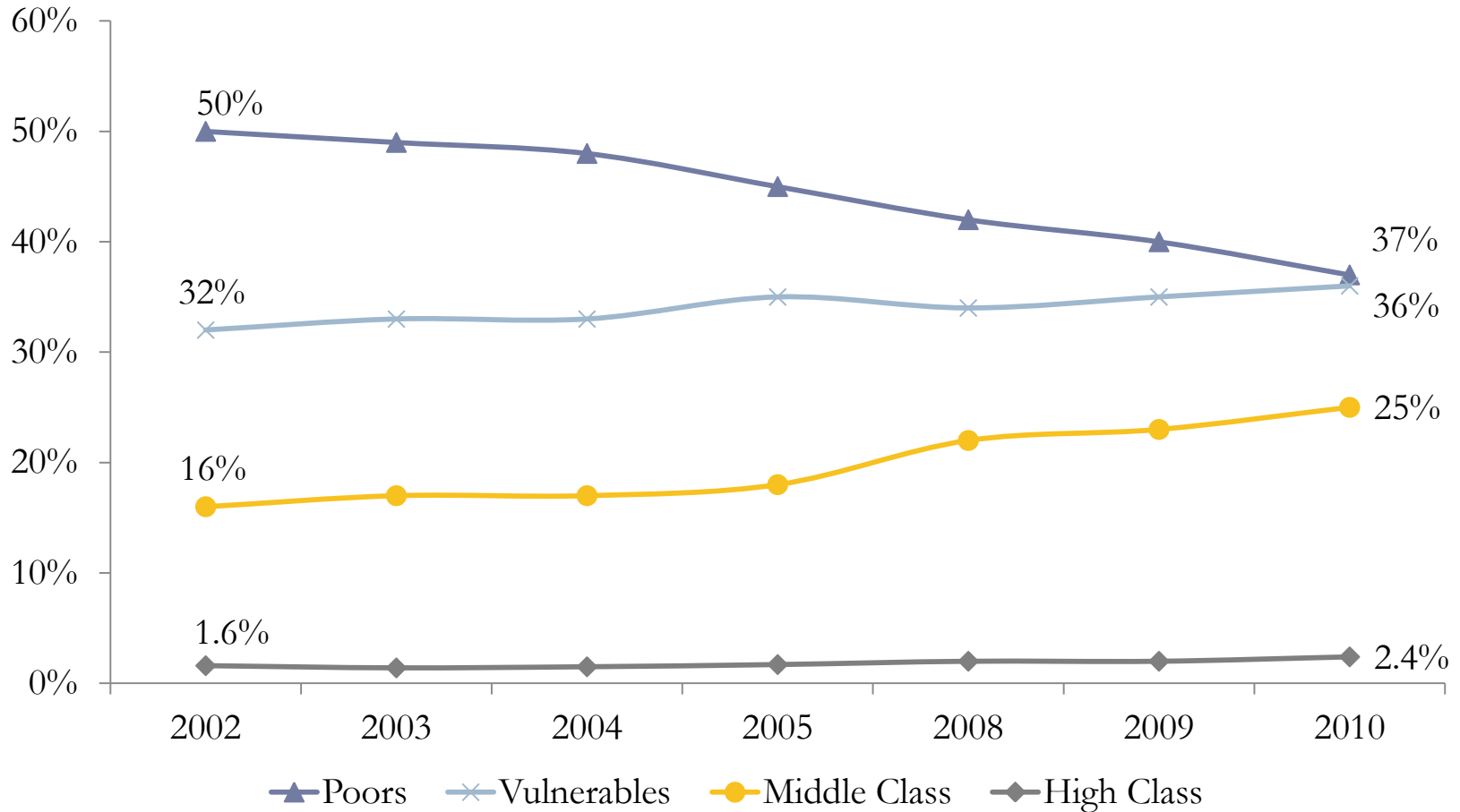
Unemployment reduction

Annual Average Unemployment



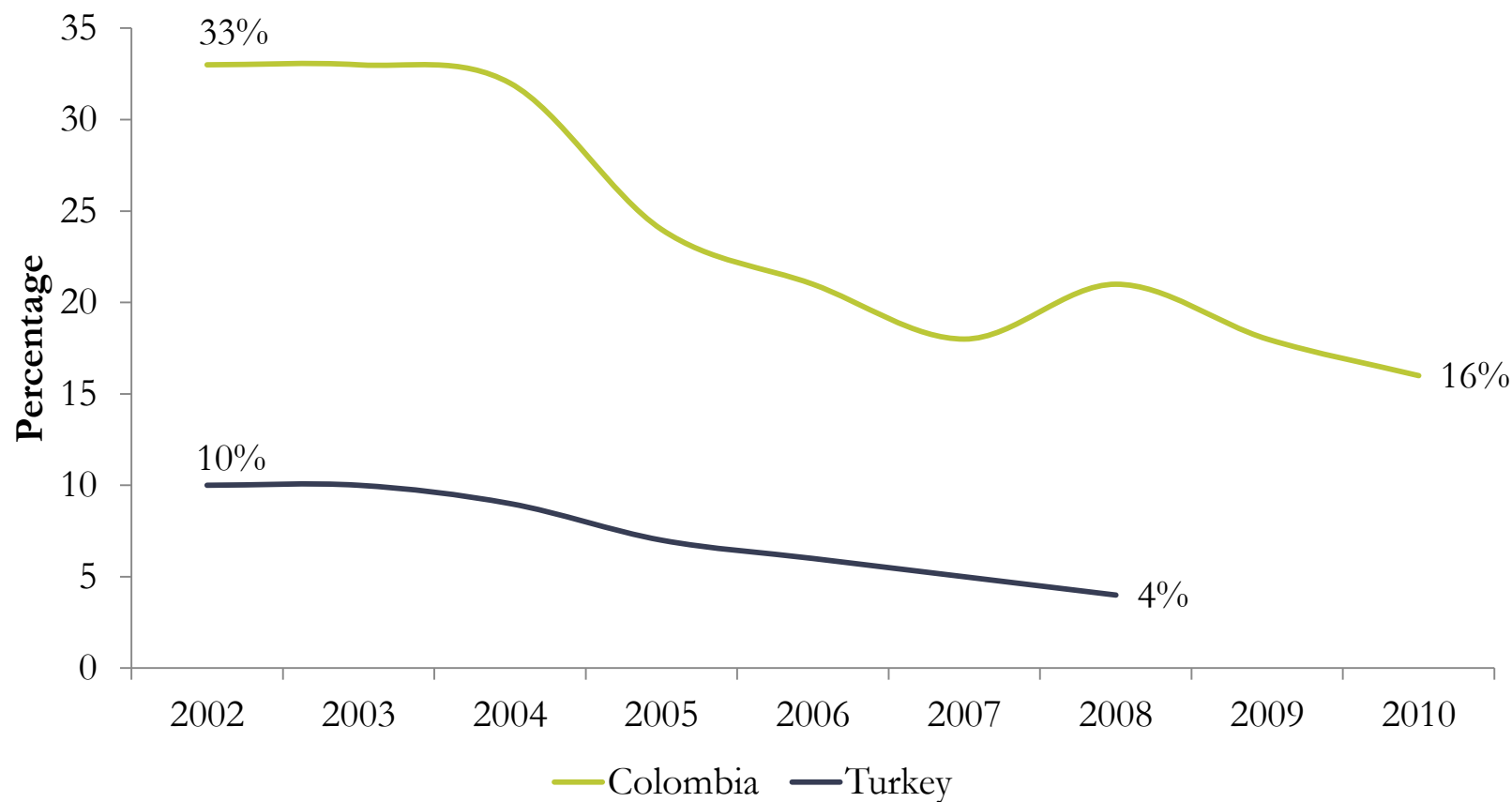
Middle class has increased

Poors, Vulnerables, Middle and High Class



Poverty reduction

Poverty Headcount Ratio at \$2 a day (PPP) (% of population)

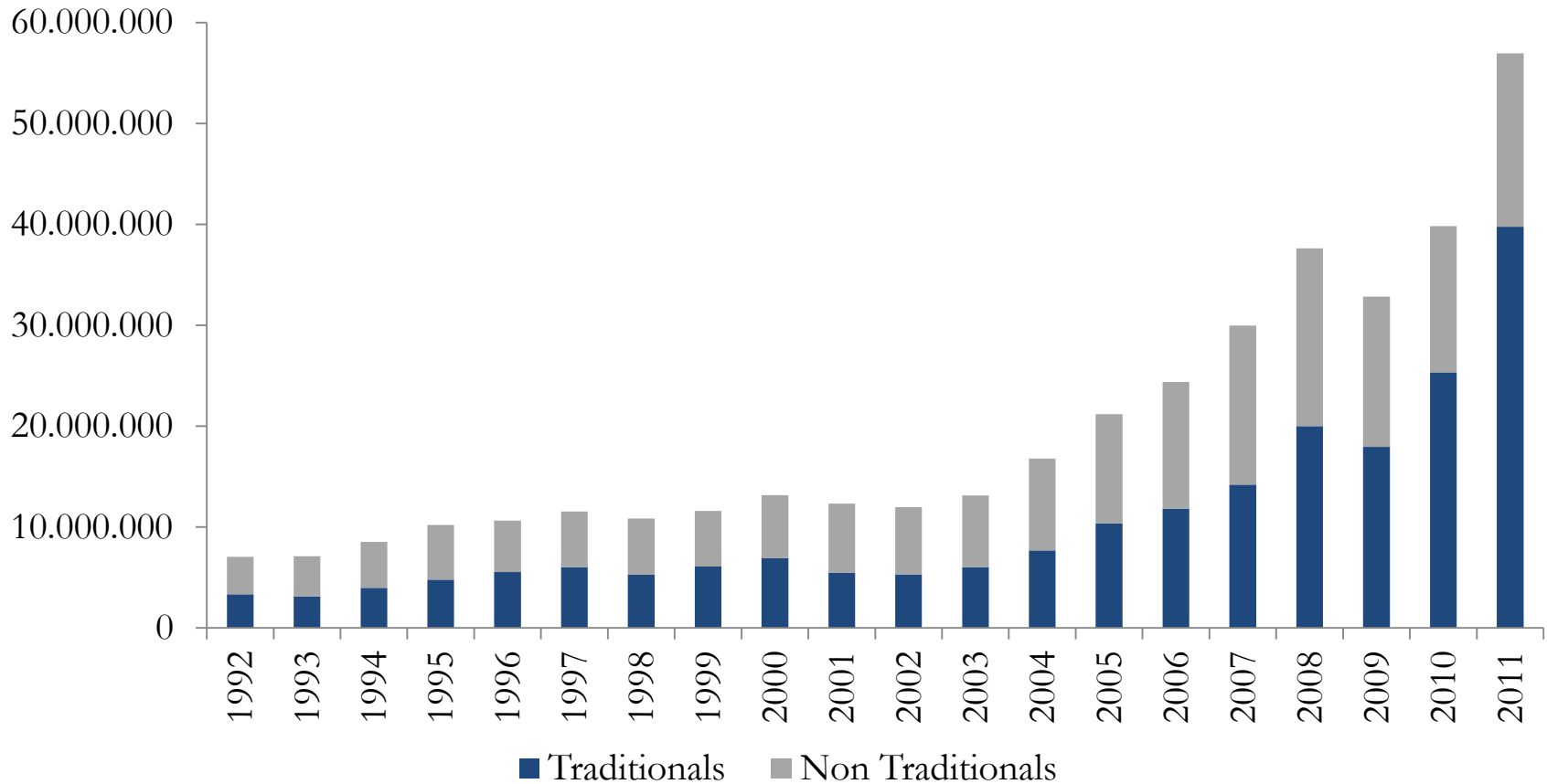


Growing importance of mining and petroleum exports



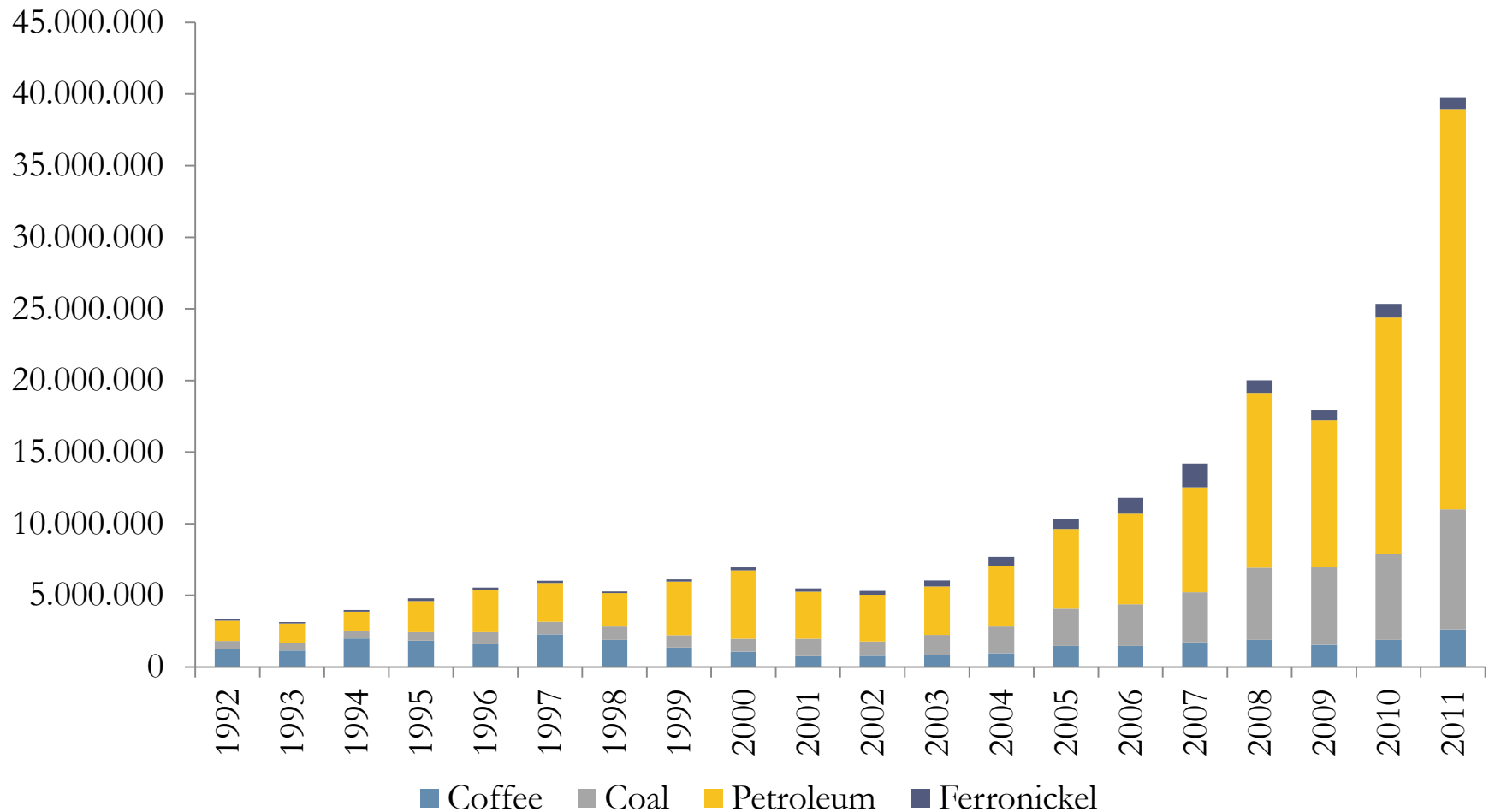
In 2011 traditional exports accounted for 70% of total exports

Exports (Thousands of USD FOB)



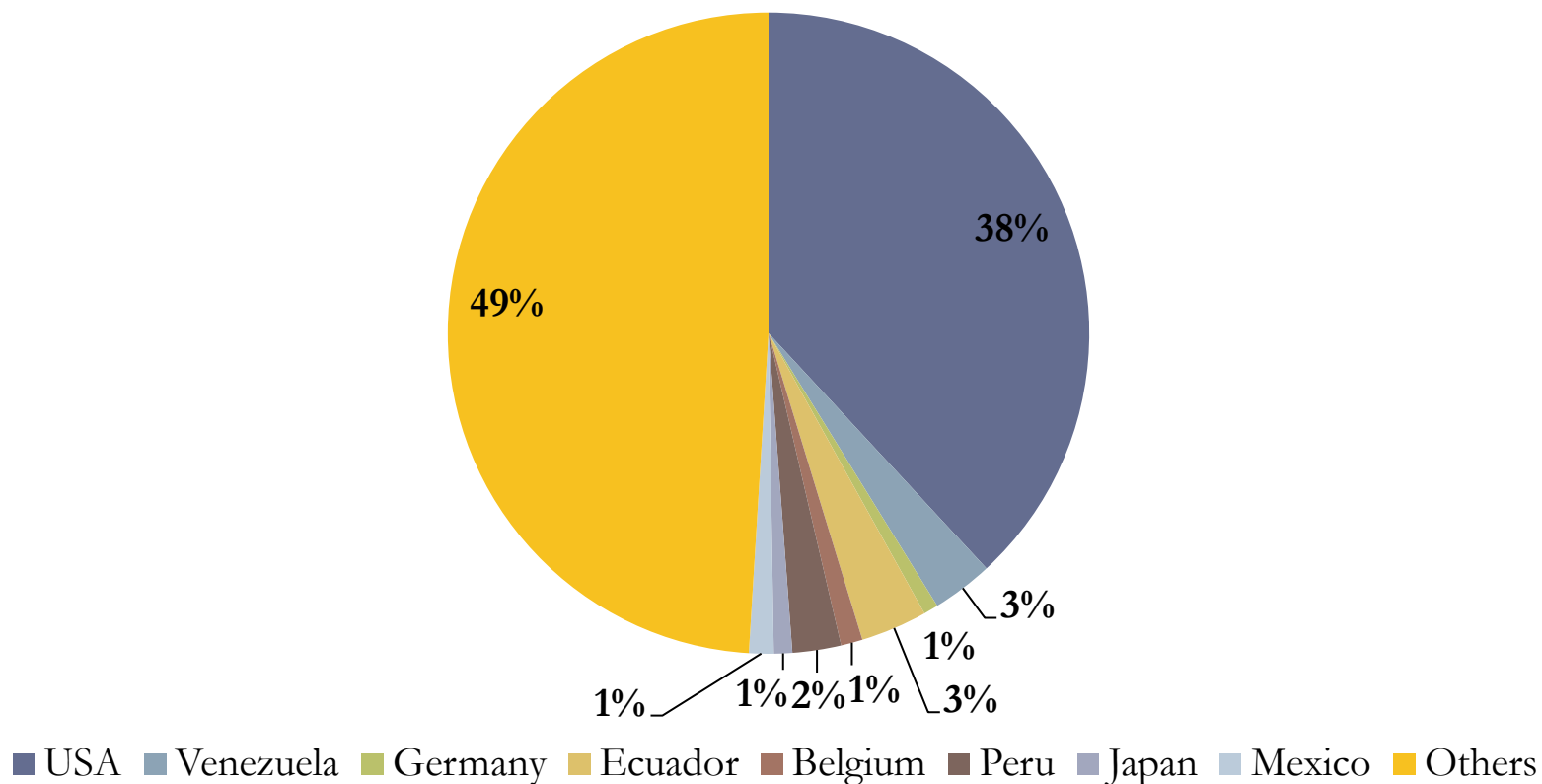
In 1992 petroleum exports were 42% of traditional exports. In 2011 they accounted for 70%.

Traditional Exports (Thousand USD FOB)



38% of Colombia's exports go to USA

Main destination countries of exports, 2011

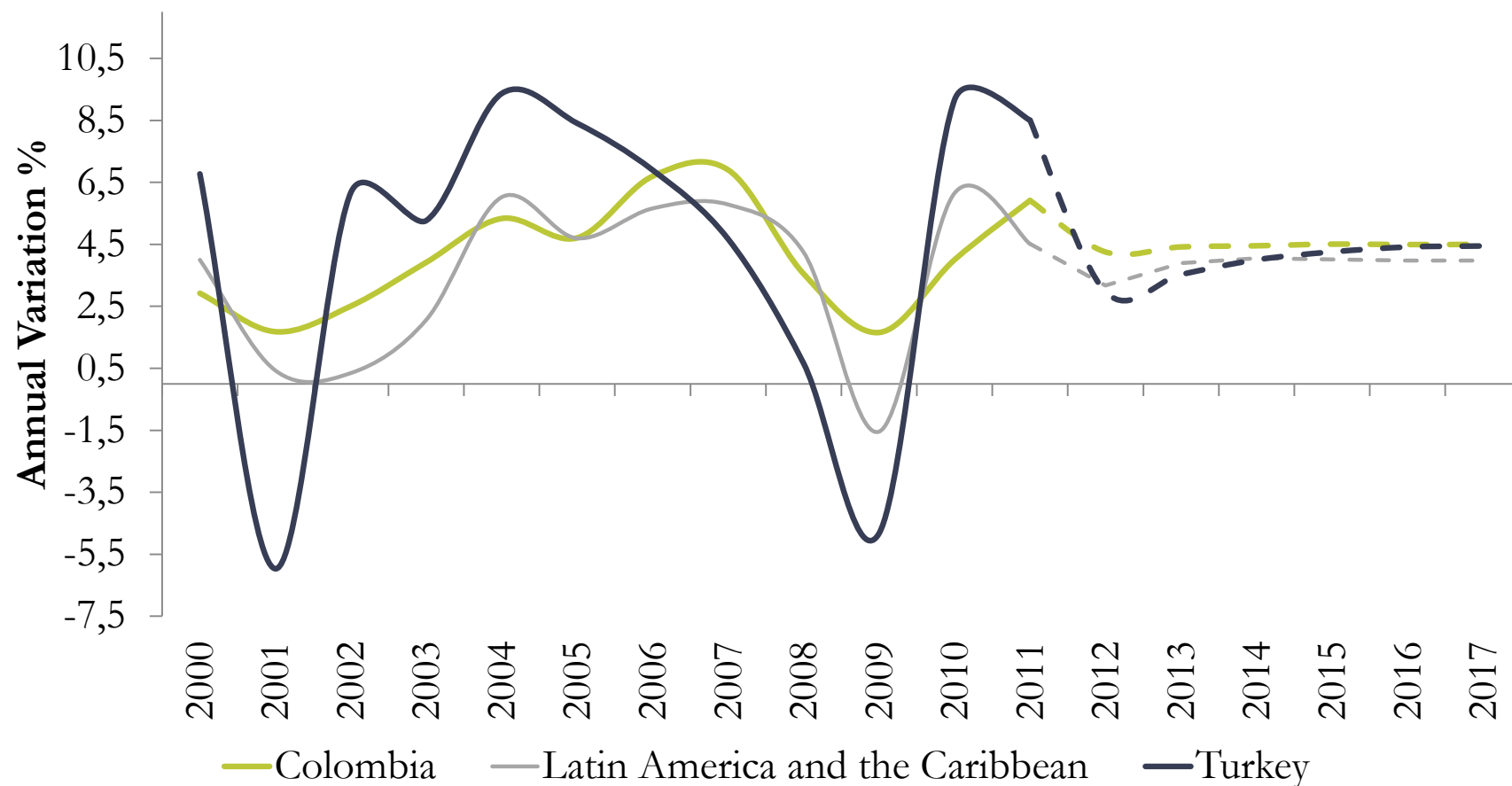


Perspectives



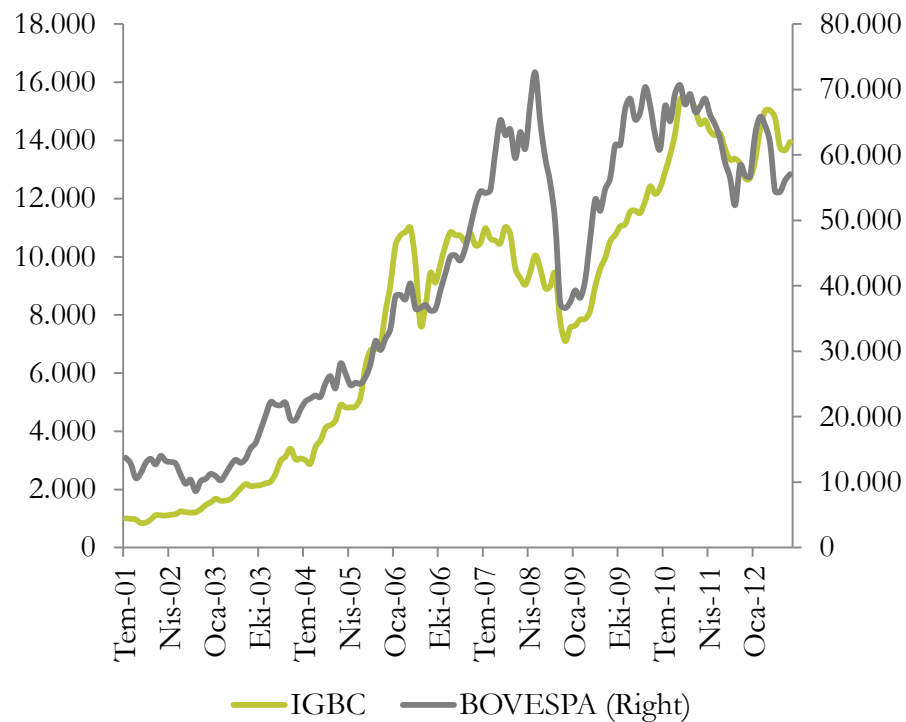
Good growth outlook

GDP Annual Variation

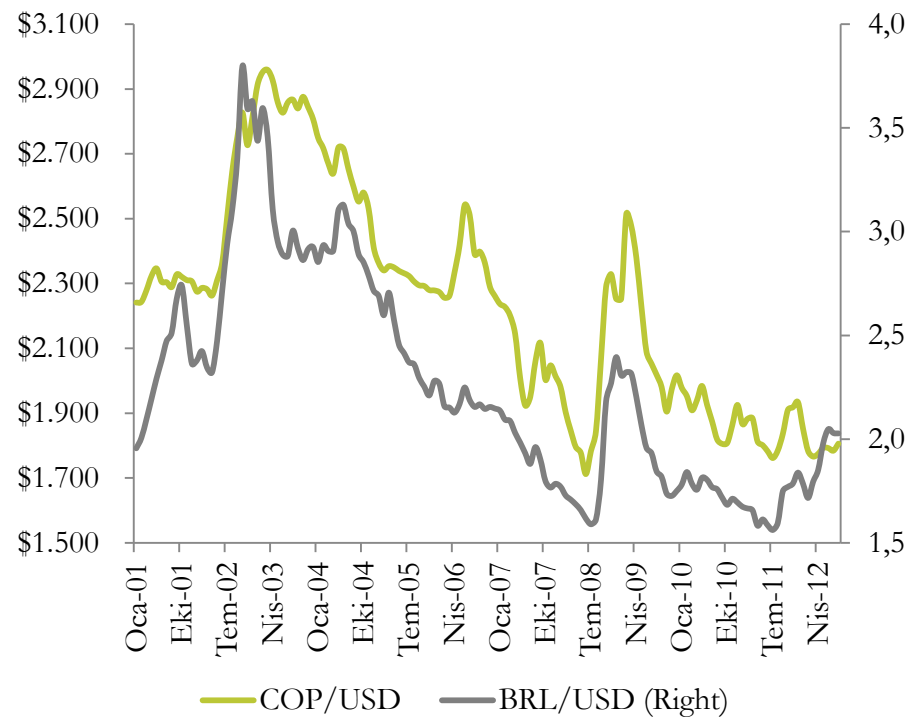


A new Brazil?

**Colombia (IGBC) and Brazil (BOVESPA)
Stock Price Index**

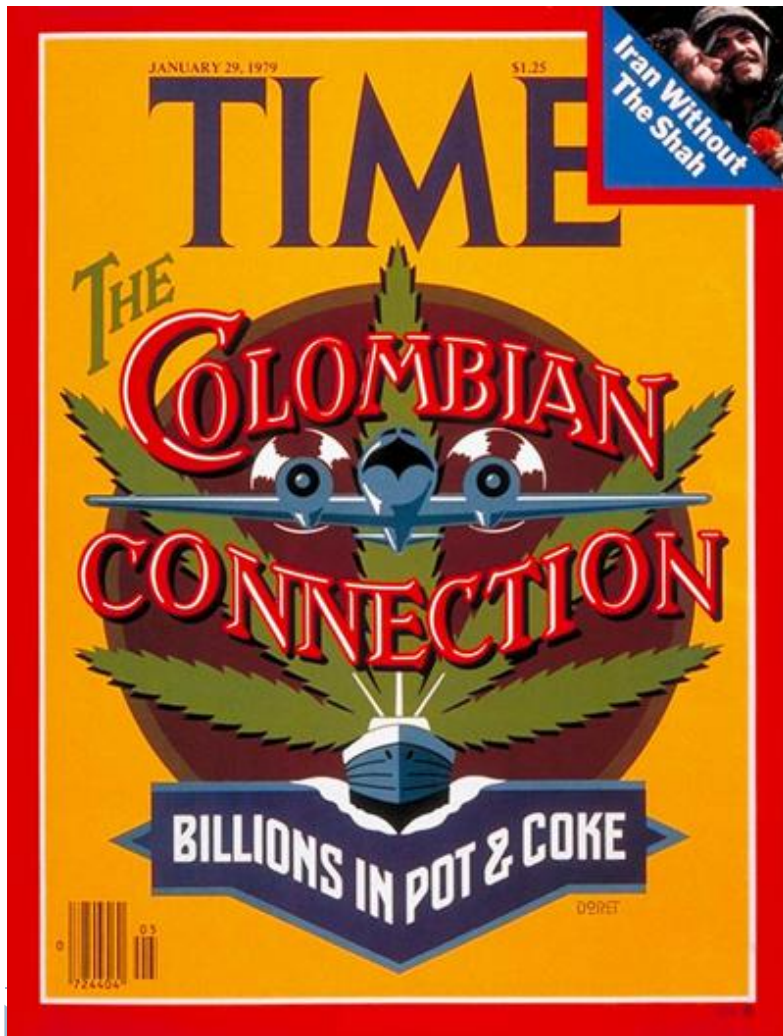


Spot Exchange Rate



The Colombian comeback

1.979



2.012



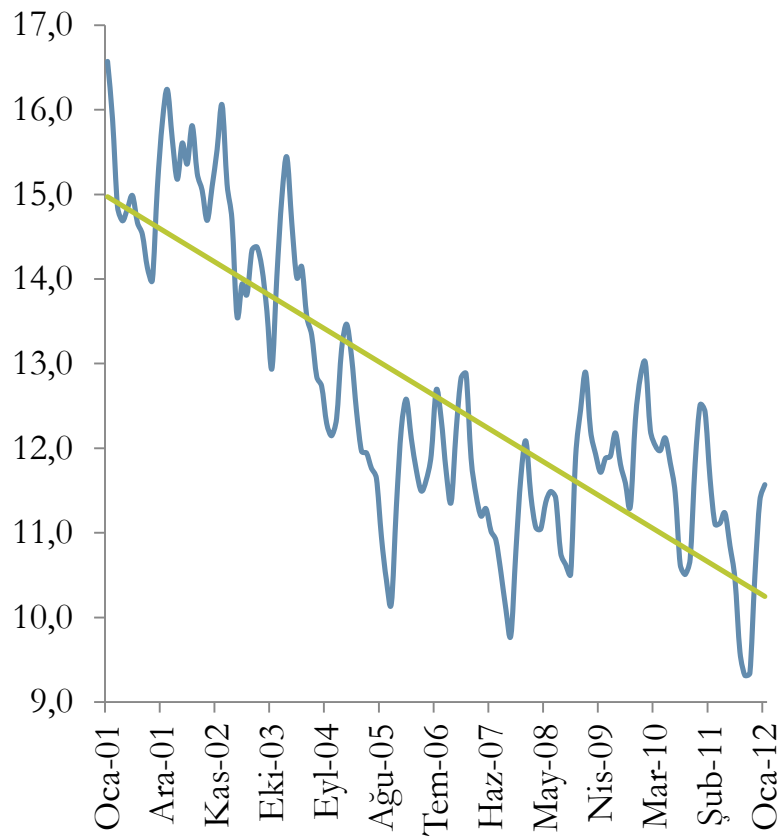
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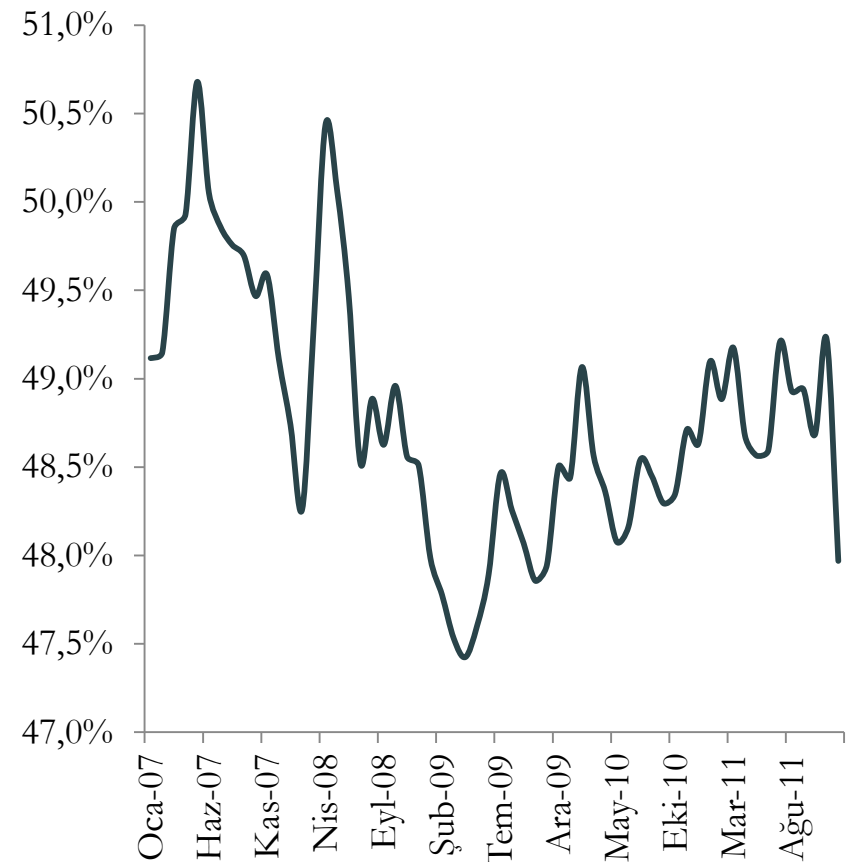


Despite the unemployment reduction, about 48% of labor force work in the informal sector

Unemployment Rate

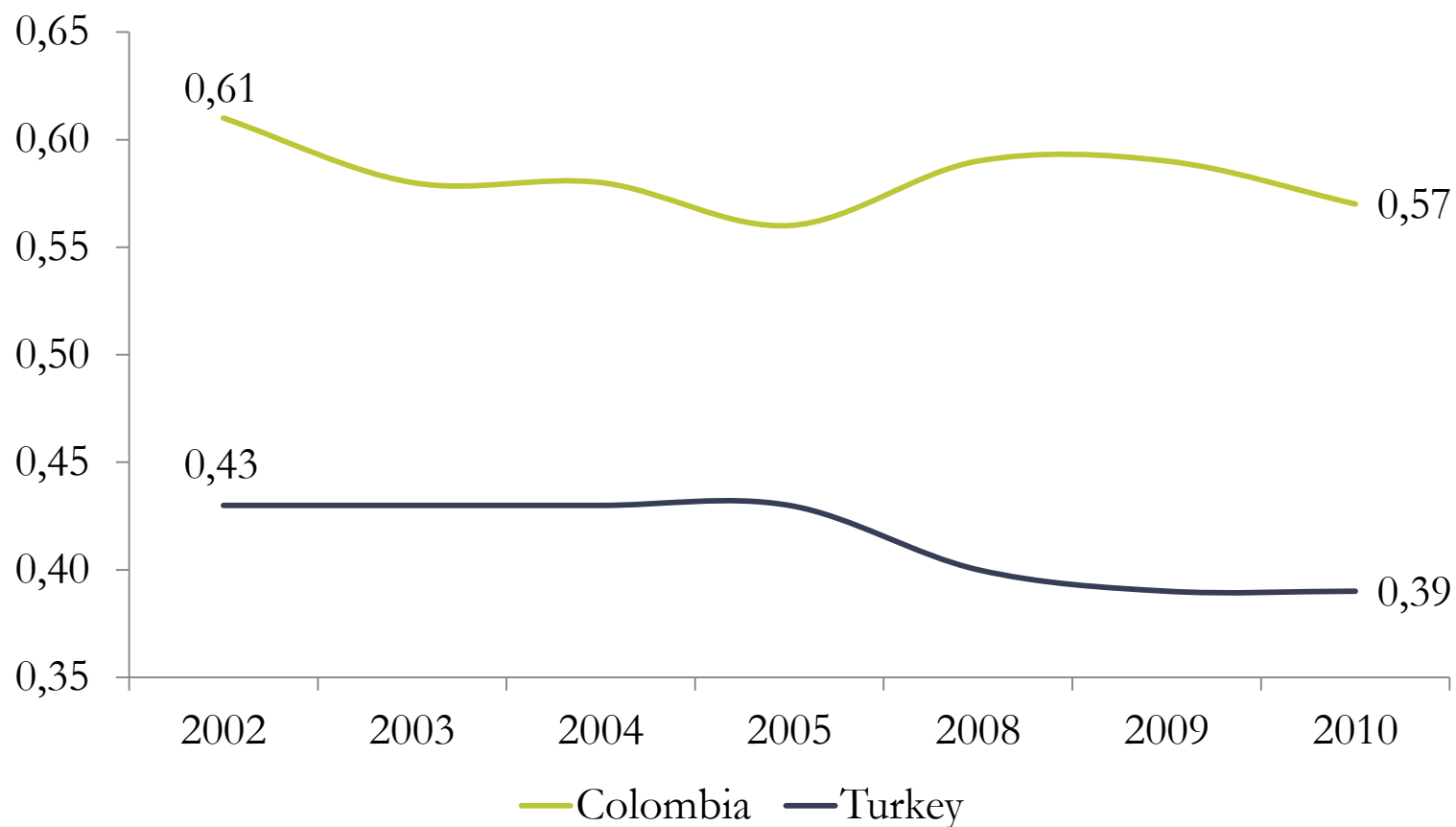


Informality



Persistence of inequality

Gini Coefficient



Problems and Challenges

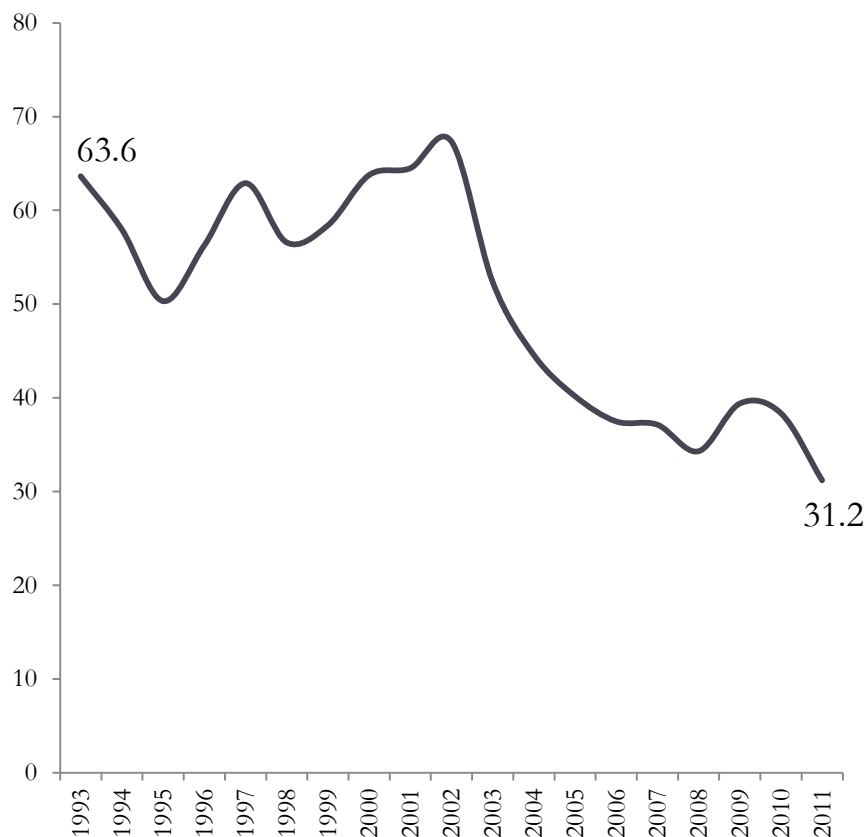
- ▶ Large gap in infrastructure
- ▶ Corruption and state inefficiency
- ▶ Unreliable and inefficient Legal Processes



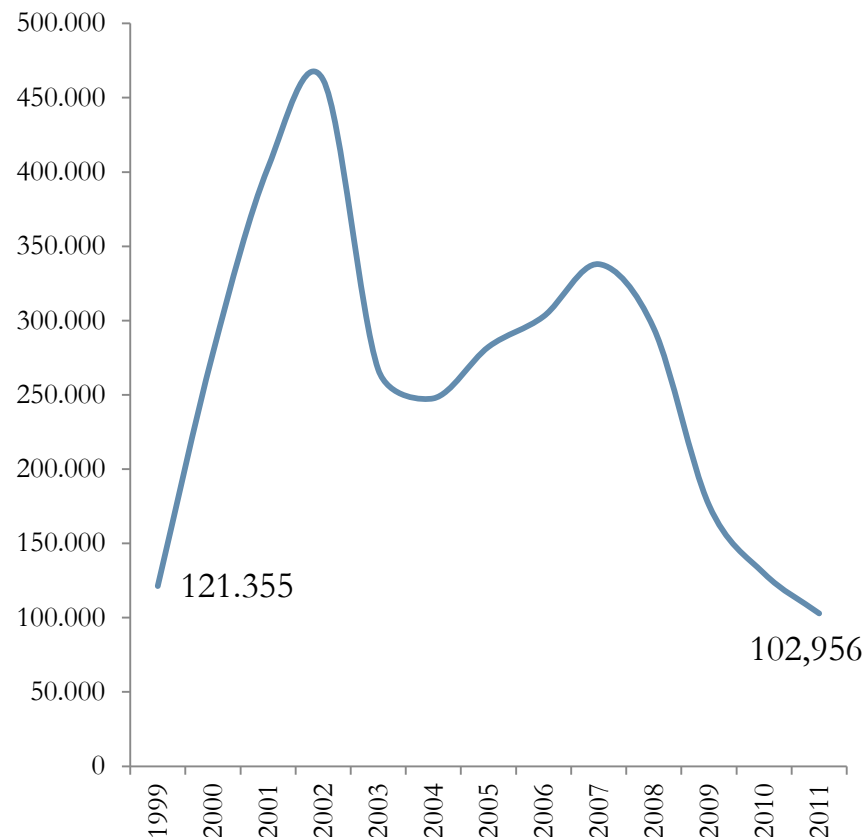
Homicide rate fell sharply, but levels are high

Until 2011, 3.9 million Colombians had been displaced due to internal conflict

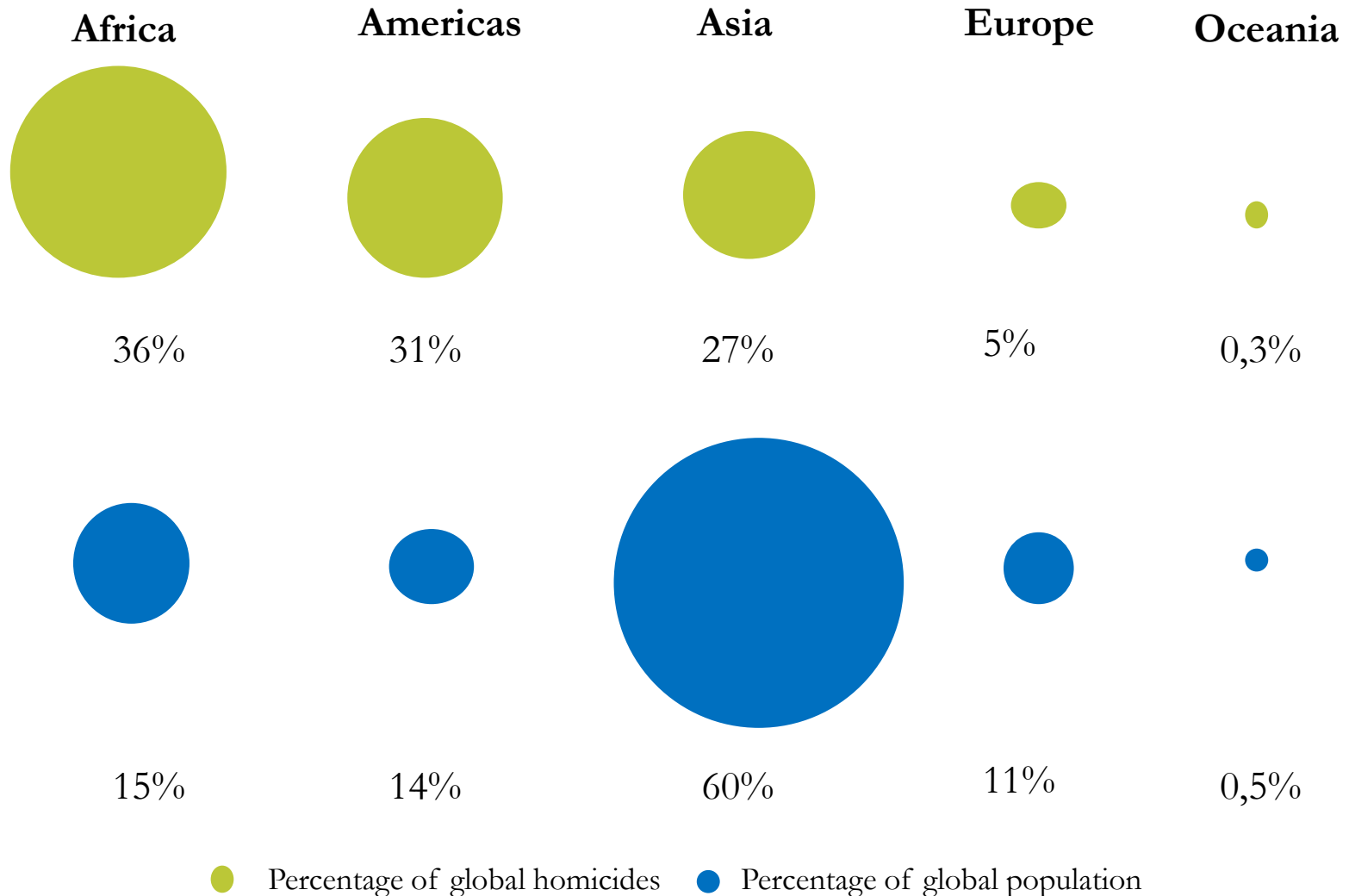
Homicide Rate



Forced Displacement



The Americas account for 31% of global homicides and 14% of global population

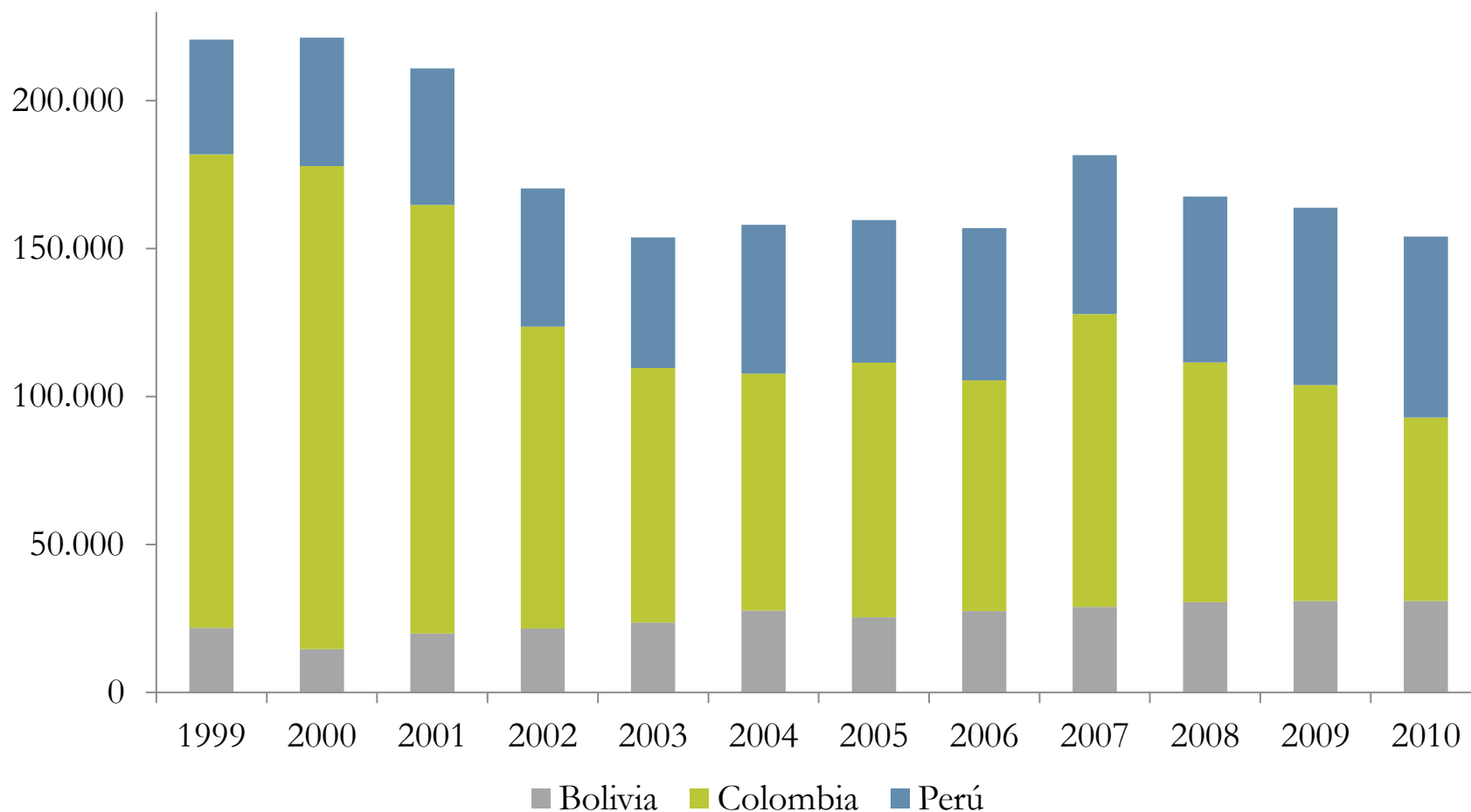


In Latin America, criminality is strongly related to
illegal production of coca

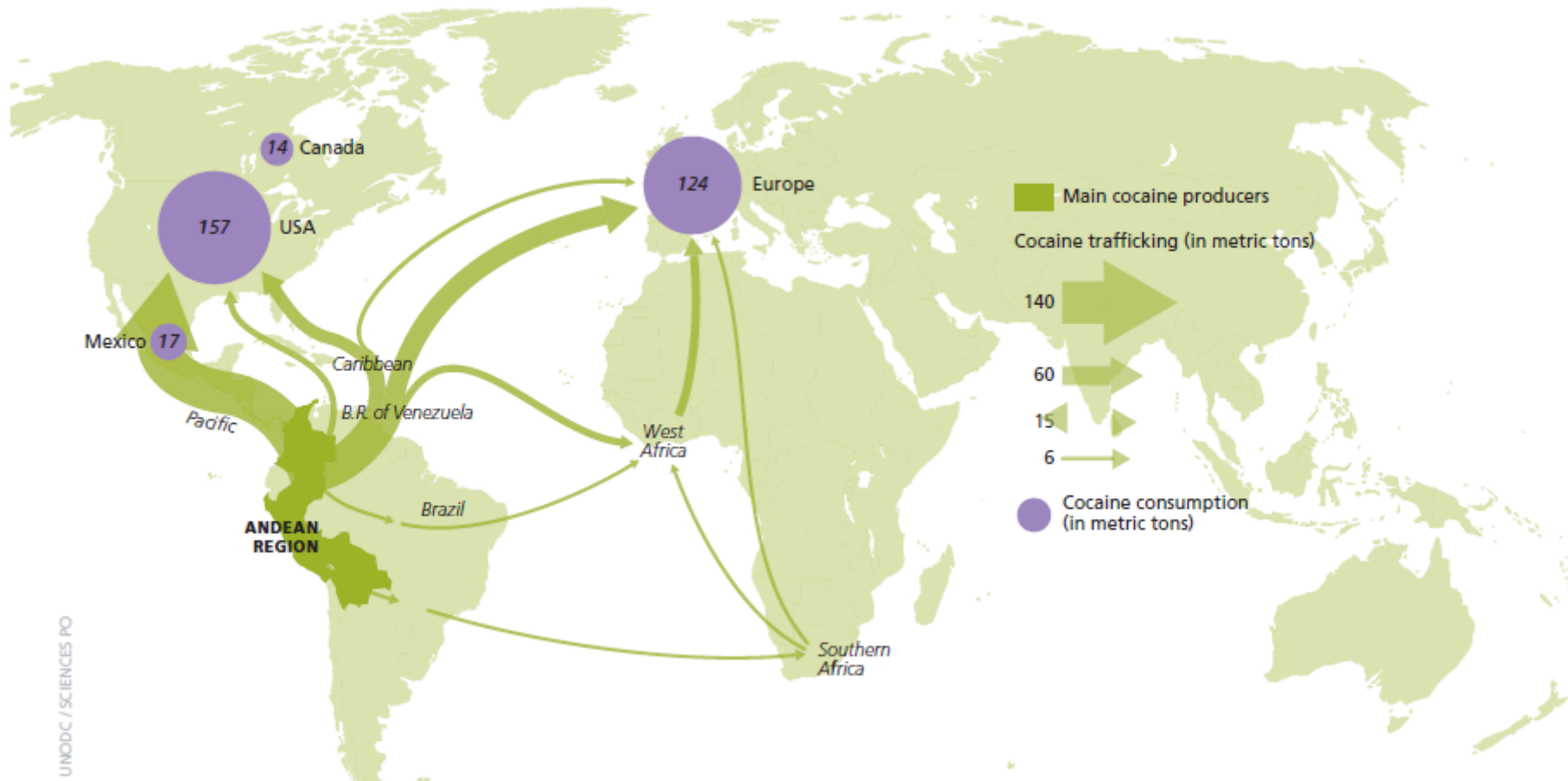


During 2010 coca global production decreased as a consequence of a reduction in Colombia's hectares that was not offset by the increase in Peru's

Global Illicit Cultivation of Coca Bush (Hectares)



Main global cocaine flows, 2009



Main Immediate Challenge

Peace process between FARC and the Government
(Initiated in August 2012)



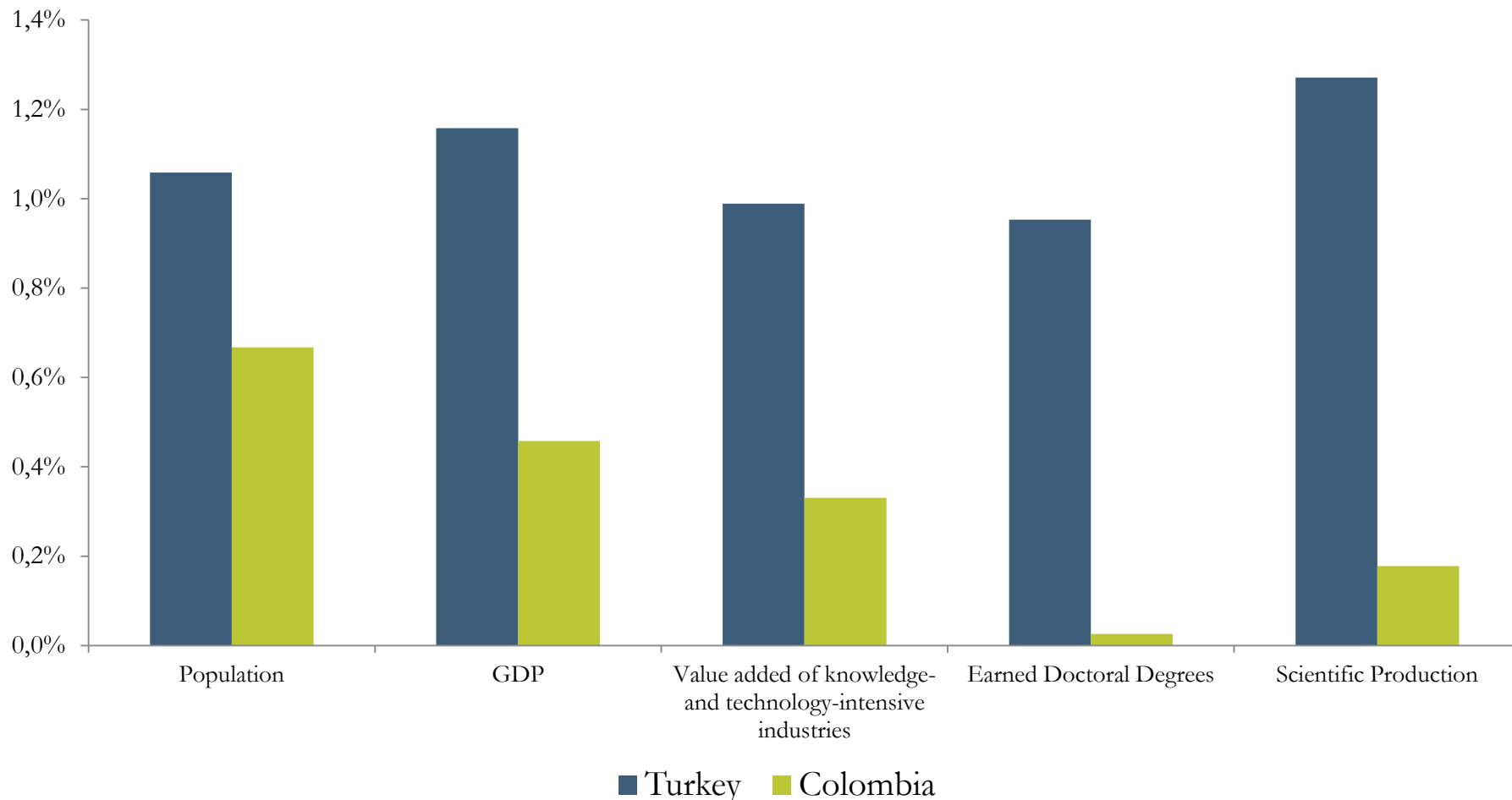
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Participation over the world total: Colombia and Turkey

Participation of Colombia and Turkey over the world



Source: World Development Indicators 2012; NSF, Science and Engineering Indicators 2012; Scimago, Journal and Country Ranking 2012; Education at a Glance 2011

Free Trade Agreement between Colombia and Turkey

- ▶ Six rounds of negotiations between May 2011 and June 2012
 - ▶ Agreement on 11 out of 13 chapters
- ▶ During 2011
 - ▶ Exports to Turkey
 - ▶ 2011: USD596 million
 - ▶ 2010: USD214 millions
 - ▶ Main exports: coal and basic chemicals
 - ▶ Imports from Turkey
 - ▶ 2011: USD124 millions
 - ▶ 2010: USD57 millions
 - ▶ Main products imported: steel bars and wire rods, cotton textiles and automobiles.



Thank You

