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INVEST

FOREIGN DIRECT INVESTMENT

According to UNCTAD's [World Investment Report 2023](#), FDI to Colombia grew by 82% to USD 17 billion in 2022, led by extractives; construction; finance; and transport, logistics and communication services. Over the same period, the stock of FDI reached USD 233.9 billion, around 68% of the country's GDP. According to data by the Central Bank, the main investing countries are United States (21.3%), Spain (11.9%), Panama (11.4%), England (9.9%), Switzerland (6.1%); whereas the sectors receiving the most FDI are petroleum sector (22.8%), financial and business services (77.2%), manufacturing industries (17.0%), mining and quarrying (including coal - 16.0%), transportation, storage, and communications (13.8%). In the first three quarters of 2023, the country received around USD 12.7 billion in FDI (Central Bank).

The Colombian government actively encourages FDI, and it establishes the same investment regulations on foreign investors that it does on national ones. Recently, the government introduced a special tax regime for mega-investments, providing tax breaks and other fiscal incentives. Furthermore, the government is working on implementing more measures to make doing business in Colombia easier, which include the creation of a one-stop shop for investors to centralise and speed up procedures and the strengthening of the country's tax-exempt zones. Moreover, special taxes policies have been set up for any investment in creative and innovative activities/sectors. According to [ProColombia](#), the government's investment promotion agency, some of the most significant investments made in the country recently involved Chinese companies. On the negative side, corruption persists as a major obstacle. Despite Colombian government efforts to enhance the business environment, foreign investors raise issues regarding non-tariff barriers, regulations, and bureaucracy hindering trade, investment, and market entry across national, regional, and municipal levels. Stakeholders worry about regulatory decisions that seem to favor certain companies, creating an unequal competitive landscape. For any foreign direct investment intending to establish a commercial presence in Colombia, registration with both the Superintendence of Corporations and the local chamber of commerce is mandatory. In tender processes where conditions are equal, national offers take precedence over foreign ones. Similarly, among foreign bidders with equal conditions, those boasting substantial Colombian workforce resources, significant national capital, and/or better means to facilitate technology transfers are given preference. Foreign investment in the financial, hydrocarbon, and mining sectors is governed by special regimes, which include investment registration and concession agreements with the Colombian government. However, there are no restrictions on the amount of foreign capital allowed in these sectors. Moreover, several sectors require that foreign investors have a legal local representative and/or commercial presence in the country. Finally, Colombia ranks 66th among the 132 economies on the [Global Innovation Index 2023](#) and 84th out of 184 countries on the latest [Index of Economic Freedom](#).

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	7,459	9,381	17,048
FDI Stock <i>(million USD)</i>	212,299	219,498	233,919
Number of Greenfield Investments*	113	139	152

Foreign Direct Investment	2020	2021	2022
Value of Greenfield Investments (million USD)	2,473	4,317	1,777

Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Colombia	Latin America & Caribbean	United States	Germany
Index of Transaction Transparency*	9.0	4.1	7.0	5.0
Index of Manager's Responsibility**	7.0	5.2	9.0	5.0
Index of Shareholders' Power***	8.0	6.7	9.0	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

WHAT TO CONSIDER IF YOU INVEST IN COLOMBIA

Strong Points

Advantages for FDI in Colombia:

- Colombia has economic and political stability that has allowed it to maintain steady and stable growth and gradually create a business-friendly environment, despite internal security conflicts.
- The country has an attractive emerging economy that relies in particular on abundant natural resources (coffee, oil, gold), a young, skilled and competitive workforce, a booming tourism sector and free trade agreements (including within the Pacific Alliance created in 2012 as well as with the European Union, the United States and South Korea).
- The geographical position of the country is a strategic point between the different markets of the region but also with southeast Asia.
- The country has modern port and airport infrastructures, thus facilitating trade.
- The population of 51.4 million (IMF, 2021) is a significant consumer market with rising incomes.
- A skilled labour force.
- The banking and financial systems are generally sound, independent and robust.
- The peace agreement with the FARC (the oldest and largest guerrilla movement in Latin America) shows that Colombia wants to rid itself of the risks associated with drug trafficking and armed struggle, thus ensuring a secure environment for foreign companies and investors.

Weak Points

Among the main factors that are detrimental to foreign direct investment are:

- Relatively random application of intellectual property rights
- A lack of transparency in many calls for tenders
- The largescale informal sector

- Security risk remains the main obstacle to the country's development, but the peace agreement signed with the FARC rebel group should help significantly improve the situation.
- The Colombian economy, which is not very diversified, remains highly dependent on commodity prices and sensitive to the US economic situation (the United States being the country's main trading partner).

Government Measures to Motivate or Restrict FDI

The Colombian government actively encourages foreign direct investment (FDI). Colombia imposes the same investment restrictions on foreign investors that it does on national investors. But, all conditions being equal, during tender processes national offers are preferred over foreign ones.

Today the Colombian government is reaping the rewards of the policy it implemented to secure democracy, whose objective is to create favourable economic conditions in order to once again give investors confidence, especially foreign investors. In this context and after the establishment of many free trade agreements (for example the Pacific Alliance, the United States and the EU), the government continues to make efforts to consolidate, liberalise and diversify its economy. Major tax reform was introduced in 2016 aimed mainly at simplifying the tax system and at the same time increasing the tax revenues of the state. Finally, the various tax reforms passed during the decade have all tended to reduce the tax burden on companies (by lowering taxes on profits to 25% for example) as well as a considerable reduction in customs duties.

The "Commitment to Colombia" program aims to keep investments on an upswing, regardless of the disturbances caused by the COVID-19. This government strategy is based on two pillars: tax incentives for investors and the optimization of business processes.

INVESTMENT OPPORTUNITIES

Tenders, Projects and Public Procurement

[Tenders Info](#), Tenders in Colombia

[Globaltenders](#), Tenders & Projects from Colombia

[DgMarket](#), Tenders Worldwide

Finding Assistance For Further Information

Investment Aid Agency

[Invest in Colombia](#)

Other Useful Resources

[Colombia's Official Investment Portal](#)

[Colombia Commercial Guide - International Trade Administration](#)

Doing Business Guides

[Invest in Colombia - Procolombia](#)

[Best options to invest in Colombia - Gutierrez Group](#)

[Doing Business Report - World Bank Group](#)

[Doing Business - Deloitte](#)

