



## **The U.S.-Colombia Trade Agreement: An Opportunity to Expand the U.S. Infrastructure Sector & Create U.S. Jobs**

President Obama stressed in his 2011 State of the Union address that rebuilding our infrastructure is essential to America's future. Opening new markets abroad provides opportunities for U.S. infrastructure firms and strengthens the sector's capacity and global competitiveness. Colombia's economy is projected to grow on average over five percent annually and, as a result, has major infrastructure needs. Colombia is a promising market for infrastructure-related exports from the United States and for investment in infrastructure-related sectors that will help U.S. firms expand their global market leadership in construction, engineering, and other infrastructure-related services.

### **Colombia's strong economic growth prospects will require significant new infrastructure**

- **Public and private-sector infrastructure:** Colombia projects infrastructure spending of more than \$50 billion over the next decade, focused especially on energy, oil & gas, roads, ports, and airports.
  - Colombian public infrastructure investment will be enriched by significant investment from the World Bank and regional development banks.
  - Colombia aims to use public-private partnerships to incentivize private infrastructure investment.
  - Colombia's Program for Development of World Class Sectors includes a major energy & communications infrastructure component, aiming to increase revenue ten-fold by 2032.
- **Economist Intelligence Unit.** This leading, independent source of global market analysis named Colombia in 2010 as the first of six "CIVETS" – emerging economies with the best growth prospects for this decade. The others are Indonesia, Vietnam, Egypt, Turkey, and South Africa.

### **Transportation infrastructure opportunities are promising**

- **Public mass transit:** Five major Colombian cities are in the process of upgrading their systems.
  - All but one of these cities exceeds 1 million inhabitants, with the Medellin and Bogota metro areas exceeding 3.5 million and 8.5 million, respectively.
  - Most of the rapid transit bus systems are complete or nearing completion, and \$800 million in World Bank loans to augment Colombian Government funds have already been disbursed – an example of why it is important not to delay implementation of the Colombia agreement in the face of steady infrastructure improvements. These new bus systems will now generate additional opportunities for U.S. bus exporters because demand for buses is now substantially increased.
  - Bogota's first metro line is still in the design stage, with completion slated for 2015 – so it is not too late for the Colombia trade agreement to help U.S. firms compete for contracts.
- **Roads/vehicles:** Colombia is a promising market for U.S. vehicle exports, as roads are upgraded.
  - Colombia has about one-third as many cars per capita as Argentina, so sector participants expect rapid expansion as Colombia's median income continues rising and as road systems expand.
  - The Colombian government is replacing 285,000 of its vehicles, because they have an average of 23 years of service – representing a good opportunity for U.S. vehicle manufacturers.

- **Ports/airports:** International flights have increased 120% since 2000, and Colombia's existing Atlantic and Pacific ports are taxed by Colombia's emergence as a major hub.
  - The Bogota airport's capacity is being expanded from 8 million passengers to 25 million.
  - The government plans to double port capacity through concessions at the Cartagena and Buenaventura container port terminals as well as at smaller ports on the Atlantic & Pacific.

#### **Telecommunications infrastructure prospects abound**

- **China:** Colombia is soliciting private interest in laying a trans-Pacific submarine cable to diversity entry points for communications with China and other Asian countries, as Asian trade expands.
- **Broadband:** Access increased 46% in 2009, but penetration remains low by international standards.
- **Mobile telecom:** Nearly all Colombian territory has mobile coverage, but roll-out of next-generation technology requires significant investment. Smart phones have very low penetration, but the government's "Live Digital" plan raised awareness of – and demand for – new mobile applications.

#### **Energy and electric infrastructure provide opportunities for U.S. companies and employees**

- **Energy generation:** Colombia currently seeks investment in several large-scale projects, including:
  - \$1.5 billion sale of the government's majority stake in Colombia's third-largest power generator;
  - Sale of two public-sector generation companies, representing one-third of installed thermal capacity and four percent of hydropower capacity, for a total of 1500 megawatts;
  - Development of a \$2.4 billion facility that will have installed capacity of 2,400 megawatts, representing 20 percent of Colombia's currently installed capacity; and
  - Development of an \$810 million facility that will have an installed capacity of 400 megawatts.
- **Oil:** Already the fifth-largest oil reserves in Latin America and conducting extensive exploration, thanks to significantly increased recent foreign investment, which exceeded \$3 billion in 2010.
- **Gas:** Natural gas reserves spread over 18 basins, so Colombia has over 2,000 miles of pipeline, providing U.S. service firms opportunities in exploration, drilling & pipeline maintenance.
- **Mining:** Second-largest coal reserves in South America and fifth-largest exporter of coal in the world. Infrastructure needs include mining operations as well as transportation.
- **Rural electric:** Recent new substantial financial incentives for infrastructure investment to supply energy to non-interconnected zones, a 1.8 million-person market with only 34% electricity coverage.
- **China:** China has invested over \$1.5 billion in Colombia's oil sector since 2006 because China's oil consumption is projected to double by 2030. China also announced this year plans to develop a railroad to compete with the Panama Canal in moving coal and other energy products between the Atlantic and Pacific coasts and from the Colombian interior.

#### **Tourism infrastructure shows promising potential**

- Colombia has few all-inclusive resorts, which creates opportunities for U.S. hotels and cruise lines.
- Ranks first in Latin America for the percent of its land under protection – 11 million hectares – so Colombia's infrastructure investments will not endanger this environmental & tourism asset.

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