

BOGOTA: A CITY FOR BUSINESS

Economic strength of the city, strategic location, workforce, quality of life, and an environment for doing business.

Bogotá is the 5th best city for doing business in Latin America, according to América Economía 2016, and the main axis of national economy.

It has had an average growth of 4.3% in the last 10 years, above Latin America average (2.8%)¹.

Economic growth is, undoubtedly, one of the determining factors for attracting investment. Several years ago, Colombia started a process of transformation that has allowed it to gain international recognition due to its good macroeconomic performance and improved competitiveness. Between 2010 and 2016, the country's GDP grew 4.2% on average and the GDP per capita reached US\$ 5,898 in 2016. In addition, it achieved a 27.3% average investment rate and a 22% decrease in unemployment. Certainly, the macroeconomic situation of Colombia is one of the most favorable in the Latin American context.

Bogotá, as the driving force of growth in the country by contributing 25.7% of the GDP and 16% of the population, has consolidated as a solid, dynamic economy that is the main economic and financial hub of Colombia. Compared to other Latin American capitals, the strength of Bogotá's economy makes the city one of the most attractive destinations to invest. Bogotá stands out as one of the most dynamic, diverse, and creative Latin American cities and offers excellent investment opportunities. Experts and specialized analysts highlight the growth prospects in value added sectors and its positioning in Latin America as a city for doing business and living.

Its economic strength, relevance in the country's economy, strategic location, highly qualified human resources, and excellent environment for business have backed the positive image of Bogotá and allow it to be seen as a city that promotes entrepreneurship, public-private coordination to perform high impact projects, and investment in intangible aspects such as culture, entertainment, and quality of life.

The capital of Colombia represents a considerable part of the country's productive base. The fundamental variables of its economy remain at appropriate levels, with inflation rates below those in most cities in Latin America, unemployment decreasing by 15% in the last 6 years and a GDP amounting to US\$73 billion, well above Uruguay (US \$58 billion), Costa Rica (US \$60 billion) and Panama (US \$59 billion). In the external sector, the amount of exports exceeding US \$2,449 million is notable in 2016 and corresponds to 32% of national foreign trade. Furthermore, direct foreign investment flows accumulated in the last decade exceed US \$18 billion.

If Bogotá's growth is reflected in a GDP per capita of about US \$9,101 (US \$3,203 more than the rest of the country), its economic strength is embodied in the number of companies it harbors—corresponding to 28% of the country—and the concentration of 55% of total financial transactions. It should be noted



Desempeño económico de Colombia y Bogotá 2010 y 2016

	Colombia		Bogotá	
	2010	2016	2010	2016
Economic growth	4	2,0	3,6	3,0
GDP per capita (USD)	6.300	5.898	10.030	9.101
Investment rate (GDP %)	24,5	27,3	N.D.	N.D.
Unemployment rate (%)	11,8	9,2	10,7	9,3
Exports (millions of USD)	40.762	31.045	2.945	2.479
Direct foreign investment (millions of USD)	6.430	13.593	N.D.	N.D.
Tax collection (trillions of COP)	65	126,7	4,58	6,83
Poverty rate (%)	39	28,0	15,5	11,6
Extreme poverty rate (%)	12,3	8,5	2,6	2,3

that all existing national and foreign banks in the country are present in Bogotá, where the Colombian stock market is located too.

Regarding the environment for doing business in Bogotá, the great efforts being made by both the public and private sectors to continue improving the minimum services the city should provide for normal conduct of business are to be noted. These efforts are expressed by robust mechanisms for coordination and cooperation offered by the Bogotá Chamber of Commerce to strengthen the city's Productive Development Policy (smart specialization strategy: <http://www.ccb.org.co/Investigaciones-Bogota-y-Region/Especializacion-inteligente-Bogota-Region>) and the improvement of basic elements in the business environment through an ambitious cluster agenda (cluster initiative: <http://www.ccb.org.co/Clusters>), also led by the Bogotá Chamber of Commerce.

The unified business vision of the city and coordination work are other reasons why various companies (domestic and foreign) have made the decision of conducting productive activities in the city.

While in 2003 there were about 500 companies with a foreign capital share, for 2016 this number increased to more than 1,600. The favorable environment for business adds to the possibility of accessing an extended local market: about 10 million potential consumers in the metropolitan area—22% of the country population—and 16 current trade agreements that allow it to reach more than 1,570 million people in a market of US \$44 trillion. The international positioning of the city is based on a robust value proposal with clear investment opportunities in strategic sectors, making it attractive to the eyes of businesspersons in the region and the world.

The generous workforce and highly qualified human resources is another competitive advantage of the city. Bogotá has an economically active population of over 4.6 million individuals, of which 69% are between 16 and 44 years old. Its 117 higher education institutions annually graduate more than 126,000 students (over 34,000 in graduate programs). The city concentrates 43% of doctors and 30% of technicians / technologists in Colombia, and hosts 2 of the best 100 universities in Latin America. In Bogotá, there are about 1,600 research groups, 38% of the national total. Therefore, entrepreneurs who settle in Bogotá will find human talent that may thoroughly support their operations.

Due to its privileged geographic location, the Colombian capital is the “gateway” to South America. The El Dorado airport is the first air terminal in Latin America in terms of cargo movement (over 769 thousand tons a year) and the third in the region in passenger movement (more than 30 million). Similarly, it has 44 direct flights to international destinations.

Such capacity will increase with the expansion works that will be completed soon at El Dorado and the future construction of El Dorado 2, whose operation will position Bogotá as the main hub in Latin America.

For several years, Bogotá has worked on strengthening the support network for business activities. Currently, it concentrates a great portion of companies that provide the most diverse business services. Firms that decide to settle in the capital find a wide variety of suppliers who provide a wide offer of outsourcing services (accounting, human





resources, real estate) with which entrepreneurs can greatly optimize their operation when arriving in the country. In fact, real estate services and companies represent 37% of the Bogotá's GDP, which accounts for the maturity of the sector and the support it offers to new investors.

In terms of international rankings, Bogotá stands out. The perception of executives and businesspersons has improved considerably, which has allowed the positioning of the city to increase progressively: 5th best city in Latin America to do business, according to the magazine *América Economía*; 5th Global City in Latin America, according to *ATKearney*; 7th future city in Latin America, according to *fDi Magazine*; and 4th smartest city in Latin America (*Cities in Motion* - Instituto de Estudios Superiores de la Empresa (IESE) from Spain), among others.

Bogotá receives around 1 million foreign visitors (47% of foreigners who enter the country), of which an important percentage comes for business purposes. This demonstrates that the city is a regional epicenter for corporate tourism and business events. Actually, the last International Congress and Convention Association (ICCA) ranking shows that the city is already in the imagery of entrepreneurs and businesspersons around the world as a high potential business hub: It ranked 57 among more than 400 cities in the world for corporate tourism. Finally, Bogotá offers excellent investment opportunities, including offshore services to conduct operations in service outsourcing, BPO, KPO, shared service centers and software, among others. Similarly, there is great potential in the segment of creative industries, corporate infrastructure, training centers, automobiles and transportation, biotechnology, value added manufacturing (medical equipment and supplies,



pharmaceuticals, cosmetics, construction materials, processed food), and RD&I activities.

The commitment of both Invest in Bogotá and EY Bogotá with this investment guide is to contribute to the joint construction of the Bogotá of the future. The assistance of Invest in Bogotá and EY Bogotá will facilitate the generation of profound knowledge on industries and sectors where investors can place their trust. Through this joint construction, we will help in saving efforts for entrepreneurs and innovators, companies and investors, while facilitating cooperation with similar partnerships abroad.