

Colombia

Capital: Bogotá
Population: 44,065,000 (2007 estimate)
GDP:* \$337.286 billion (2005 estimate)
Currency: Colombian peso (COP)
Language: Spanish



Summary

In 2007, the Colombian automotive sector experienced a third record year of significant growth. Since 2001, it has generated a sustained, solid and dynamic growth of approximately 20 percent per year. It is the fourth most important industry in Colombia. The United States has traditionally been Colombia's major supplier of automotive parts and accessories, accounting for approximately 21 percent of total imports during 2006 to 2007 period.

Another factor contributing to future growth of the automotive market is that approximately 80 percent of cargo transportation and passengers are moved in Colombia by land. Thus, transportation companies need to keep their vehicles in optimum condition to perform efficiently. The road infrastructure within Colombia is improving, however, overall they are in fair to poor condition necessitating the need for constant vehicle safety checks.

	2005	2006	2007 (p)
Total Market Size	1,811.7	1,994.6	2,219.1
Total Local Production	526.0	537.0	569.2
Total Exports	245.4	289.3	306.6
Total Imports	1,531.1	1,746.9	1,956.5
Imports from the U.S.	271.6	325.4	357.9

The above statistics are unofficial estimates in millions of USD

Market Entry

Upon the approval of the U.S.-Colombia Trade Promotion Agreement, 53 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on another 23 percent of exports will be eliminated over five years. Duties on the remaining 24 percent of U.S. exports will be eliminated over ten years.

Tariffs on priority automotive products, including large-engine 4x4 vehicles, engines, brakes, shock absorbers, and other auto parts will be phased out immediately upon implementation of the agreement.

The United States agreed to consolidate all ATPA and ATPDEA tariff preferences into the final tariff elimination schedules. This means that all automotive exports from Colombia will continue to receive duty-free treatment.

Colombia will eliminate its prohibition on the importation of remanufactured automotive goods, as defined in Chapter Four - Rules of Origin, upon entry into force of the Agreement. Colombia will eliminate tariffs on most remanufactured automotive goods immediately and will phase down tariffs on a small number of remanufactured goods over 10 years.

Current Demand

The demand for automotive parts and accessories and service equipment is note worthy and the average lifespan of most of the 3.4 million motor vehicles running in Colombia is twelve to fifteen years. Analysts predict a sizeable increase in demand for imported and locally made automotive parts-accessories and service equipment within the next two years. This is due to considerable vehicle fleet growth of the past ten years and for the significant number of imported and manufactured vehicles sales, which were registered during the 2005-2007 period. In addition, as new vehicles age, the demand for parts and accessories will increase correspondingly.



Demand for automotive parts and accessories from the three local manufacturing plants (GM, Mazda, and Renault) also showed significant growth of 35 percent in 2007. Local carmakers are active in the market and have captured market-share by increasing the variety of models produced in country and for exports to Venezuela, Ecuador and other Andean countries. Also, there is a permanent demand of parts and accessories for the maintenance and repair of the Bogota mass passenger bus transportation system, "Transmilenio," and similar systems developed for Cali, Barranquilla, Medellin, the coffee growing region (Eje Cafetero) and other major cities.

Best Products/Services

Best sales prospects over the short and medium term will be determined primarily by the continued demand of the aftermarket and by the demand for parts generated by the equipment already in operation. According to industry and trade sources, local companies plan to manufacture those automotive parts and accessories that will have the largest demand in the local market. Demand for imported equipment will follow the same trend, but the growth brought on by expanded markets created by international trade agreements (such as the CAN-Mercosur, G-3, ALADI, and others) could mean more opportunities for U.S. imports.

- Tires for small vehicles, trucks and buses
- Gasoline and diesel engines, piston rings, cast-iron engine parts, carburetors, engine valves, other cast-iron engine parts, fuel-injection pumps
- Parts of fans, ventilating hoods, air conditioning and parts for motor vehicles
- Ball bearings, tapered roller bearings, roller bearings, gaskets and similar joints of metal sheeting
- Electric storage batteries, nickel-cadmium storage batteries, electrical distribution parts, terminals, electrical splices and electrical couplings, boards, panels, consoles
- Cabinets for motor vehicles, bodies for passenger automobiles, body stampings, gearboxes, drive axles with differential, suspension shock absorbers, radiators, clutches, suspension systems, parts for power trains, brake parts.

Available Market Research

Automotive Market Overview (Aug 2007)

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