COLOMBIA

Seeking new friends

As Washington moves closer to ratifying the long-stalled free trade agreement with Colombia, the Latin American nation — buoyed by peace and a resurgent economy — is looking further afield for additional commercial links. Huge opportunities in energy, tourism, ITC, natural resources and infrastructure are attracting record investment from around the world.

Spreading the good news

Colombia, named in honor of the European discoverer of the New World but for many years shunned by investors, is today emerging as one of the brightest development hubs in Latin America.

Gradual victory in the long struggle against Marxist-Leninist guerillas turned murderous drug lords has led to a dramatic improvement in security, just when several years of sound economic policy are fueling a business boom.

The International Monetary Fund, in its latest "World Economic Outlook" report, predicted that Colombia will enjoy economic growth of 4.6 percent this year, followed by 4.5 percent a year through 2016. Not eye-popping by Chinese levels, perhaps, but twice the average for advanced economies and slightly better than regional powerhouse Brazil. And in Colombia, inflation is firmly under control.

"We are the third-most business-friendly country in the region and the first in terms of investor protection," said President Juan Manuel Santos Calderón, a Harvard-educated economist, citing the World Bank's "Doing Business 2011" report. "Our foreign direct investment in the first three months of 2011 was around US$3.7 billion, the best ever for the first quarter, giving us grounds to expect a record year, and exports through May were up 36 percent in the same period last year."

Stalwarts like coffee, natural gas, coal and other minerals are doing well; substantial long-needed investment is flowing into infrastructure; tourists are returning to the now-peaceful city streets, and service sectors like finance, communications and ICT are exceptionally vigorous.

Little of this would have happened without Colombia's significant progress in countering the FARC guerillas. As defense minister under President Álvaro Uribe, Santos led a crackdown whose success and popularity helped him win the presidency. Current Defense Minister Rodrigo Rivera Salazar said the country had achieved a "truly outstanding decade" in confronting its problems, in particular the guerillas.

"We haven't finished yet, but today the security challenge from narco-terrorists is concentrated in very rugged jungle areas a long way from major population centers," Rivera said. Cocaine production has been cut by half; homicides are at a 32-year low.

One of the biggest unknowns has been a long-awaited free trade agreement (FTA) with the United States, by far the country's most important commercial partner. Officially dubbed the U.S.–Colombia Trade Promotion Agreement, the deal was signed by both governments in November 2006 and ratified by Colombian legislators the following year. However, it stalled in Washington, where some legislators complained of human rights abuses, including violence against trade unionists.

Colombian Vice President Angelino Garzón, himself a prominent former labor leader, called such complaints "an excuse, because Colombia now has a very strong policy with respect to the promotion and protection of human rights. It includes labor rights and environmental rights, protection for the lives of union members, and the defense of trade unionism as an institution of democracy."

Colombia was not paying lip service in a bid to win U.S. congressional support, he said: "We have defined this as a permanent policy of state; it will not change even if the FTA does not go ahead."

Garzón has been one of Colombia's point men in Washington, arguing the case with lawmakers: "The U.S. isn't doing Colombia any kind of unilateral favor," he said. "The FTA is a win-win agreement, although I would almost dare to say that given the current state of both our economies, it is probably even better for the United States."

The U.S. International Trade Commission calculated that the FTA could boost U.S. exports by US$1.1 billion a year.

Sergio Díaz-Granados Guida, Colombia's minister responsible for commerce and industry, said the U.S. FTA was a top priority, but Bogotá would not wait forever. The country already has preferential access to markets containing 450 million people; the target is 1.5 billion. Free trade and investment protection deals are at various stages of negotiation with Canada, Switzerland, Turkey, South Korea, Chile, Mexico, Peru, India, China and the Mercosur trade bloc, Díaz-Granados said.

Q&A

Juan Manuel Santos

"Colombia is a shining star in Latin America, and Latin America is a shining star in the world."

There's a feeling these days that at last Colombia has a positive international image, that the "Colombia brand" carries connotations of economic growth and competitive business. People say that "Colombia's time has come." Would you agree?

Yes, I would, and I think the great number of foreign analysts and businessmen who come here every day, interested in learning more about our country and investing in it, would also agree. In a way, we could say that the stars are aligned over Colombia.

To what do you attribute this change in international perception?

Well, to a number of things. Obviously the improvements in security and our democratic stability, but also our track record of honoring our international obligations, the laws we have adopted to ensure accountability in the management of public finances, our good relations with our neighbors and the positive role we play in the international community.

What are your concerns as you lead the country at this excellent moment? Are there any pitfalls you must avoid?

The key is to remember long-term goals and not focus exclusively on the immediate situation. We learned our lessons with the economic crisis at the end of the 20th century, with the result that when the latest crisis hit us, we had a very robust financial system that withstood the international turmoil almost without damage. Recently we have been dedicating time to doing what few countries have accomplished, which is enacting reforms that will ensure prudent financial management, preventing the federal government from increasing the public debt above certain pre-established limits and requiring the government to save so that we are prepared for possible crises.

What is the status of relations with the United States, which is Colombia's main trading partner?

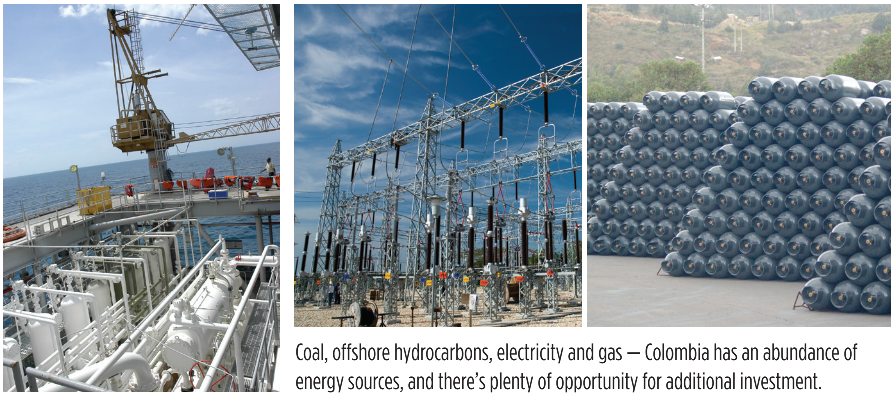
Regardless of the FTA (U.S.–Colombia Trade Promotion Agreement) process, relations are excellent. I have spoken several times with President Obama and we have broadened our agenda; it's not just drugs, it includes issues of mutual interest like environmental protection, sustainable development, education, technology transfer, disaster prevention, and the promotion of democracy and human rights. Today we have the broadest agenda in our history with the United States.

Why should investors consider Colombia rather than elsewhere in the region?

Because Colombia offers a stable and growing economy, a strong and vibrant democracy, excellent human resources, natural resources of all kinds, and the legal security and business environment to ensure the safety of their investments. And we have a characteristic that may be very boring in people, but is very attractive for investors: we are predictable.

Colombia in numbers

- **FULL NAME**
Republic of Colombia; independent since 1810
- **POPULATION**
44.7 million; third biggest in Latin America
- **AREA**
1.14 million km²; fifth largest in Latin America
- **CAPITAL**
Bogotá; pop. 7.4 million
- **GDP**
US$285 billion (2010 official exchange rate); fifth largest in Latin America



Coal, offshore hydrocarbons, electricity and gas — Colombia has an abundance of energy sources, and there's plenty of opportunity for additional investment.

Energy and natural resources

Colombia wants to develop its natural resources, so it's playing catch-up after years of underinvestment in basic infrastructure.

"We are attracting the interest of major national and international investors to carry out studies and prepare major projects," said Transport Minister Germán Cardona Gutiérrez. "There's a huge backlog."

Among the government's top priorities are a second airport for Bogotá, concession of the Barranquilla airport, dredging the access to Buenaventura Port, and a railroad between Buenaventura and the Magdalena River.

Company comments:

• "There will be a lot of offshore gas prospection between 2012 and 2014. We're talking about new high-risk areas, but Colombia has great potential." — Abilio Ramos, general manager of Petrobas Colombia

• "Colombia has huge hydroelectric potential; just 9 percent has been developed so far. We are evaluating stock markets in the U.S., Canada, Peru and Chile to raise capital, via debt or equity." — Luis Fernando Rico Pinzón, general manager of Isagen

5 Case Studies

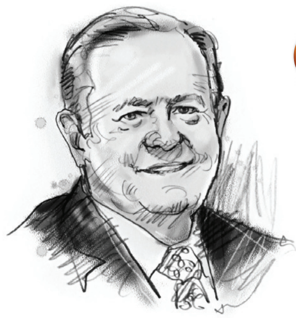
Colombia has a thriving private sector with several large, family-controlled multi-sectoral conglomerates, but there are also successful foreign investors. Following are brief pen-pictures of some leading players.

1 Grupo Carvajal
Ricardo Obregón

Grupo Carvajal is a major Colombian multinational company based in Cali, with operations ranging from pulp, paper and packaging to education and information technology. Founded in 1904, the company now operates in 15 Latin American countries, from Mexico to Argentina, and Europe, with offices in Spain. Carvajal's worldwide workforce is 23,000, and its 2010 billings were 3.05 billion pesos. "Colombia has been through difficult times, much more so than any of our neighbors, but thanks to this our political and business leaders are much more mature," said Ricardo Obregón Trujillo, president of Carvajal Internacional. "We have had to work with a much greater level of risk."

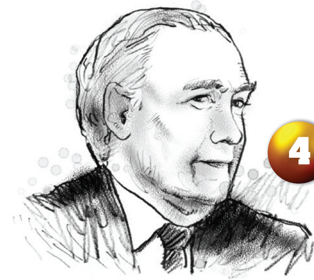
2 Avianca
Germán Efromovich

Bogotá-based Avianca is one of Latin America's largest airlines, with a fleet of more than 60 planes. Now in the process of joining Star Alliance, it flies throughout Latin America with connecting service to Miami, Fort Lauderdale, Houston, Washington, D.C., New York and Barcelona. Germán Efromovich, a Bolivian-born Brazilian entrepreneur, bought the struggling company in 2004 and turned it around, merging with Central American carrier TACA and OceanAir, a regional Brazilian airline that he had started earlier. Now rebranded as Avianca, OceanAir is a growing player in the region's largest airline market. "I don't like to say I rescued Avianca, because nobody does anything alone. I had the opportunity to change the philosophy and work with a spectacular group of people," Efromovich said.



3 Grupo Aval
Luis Carlos Sarmiento Angulo

Grupo Aval Acciones y Valores is Colombia's largest private company, a conglomerate with a net worth of around US$3.3 billion as of December 2010. The company's interests lie mainly in banking, telecommunications and real estate; Aval controls Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas, respectively the country's second-, fifth-, seventh- and 14th-largest banks. The man behind Aval is Luis Carlos Sarmiento Angulo, last year listed by *Forbes* magazine as the world's 135th-richest man. Sarmiento started in residential and commercial construction and is frequently described as a prudent, conservative manager. "I get to the office at nine in the morning and work till nine at night, but on Saturdays I don't even answer the phone. I use that time for reading," Sarmiento said.



4 Grupo Santo Domingo
Julio Mario Santo Domingo

Grupo Santo Domingo traces its origins to brewery investments by Mario Santo Domingo in Barranquilla during the Great Depression. By the 1960s, these investments had merged with Bavaria SA to become Colombia's leading brewer. Santo Domingo's son Julio Mario expanded the company to include breweries in Ecuador and added interests in air transport, banking, insurance, petrochemicals, food processing, construction, automobile manufacture, media (including Caracol TV) and metals. The conglomerate was reorganized in the 1990s as Grupo Empresarial Bavaria with two public holding companies, Bavaria SA (which owns part of SAB Miller) and Valores Bavaria SA. Julio Mario Santo Domingo, who lives mainly in New York City, was listed by Forbes magazine last year as the world's 123rd-richest man.

5 Carbones del Cerrejón
León Teicher

Cerrejón is a major open-cast coal mine lying 150 kilometers from the Caribbean coast in northern Colombia. It belongs to global mining giants BHP Billiton, Anglo American and Xstrata and produces around half of Colombia's coal. Exports were worth US$2.3 billion in 2010; Europe and North America are traditional markets, with South America and China becoming customers more recently. Cerrejón's low-sulfur coal is used mainly in power stations and is shipped via rail to Puerto Bolívar, which handles bulk carriers up to 180,000 deadweight metric tons. "Our environmental policy and the way that we put it into practice are today one of our most important assets," President León Teicher, who has an M.B.A from Stanford University, told stakeholders in the company's most recent sustainability report.

Q&A

Efraín Enrique Forero

President, Davivienda

"We have stable legal rules for investors and the country in general, and hopefully our democracy will continue to strengthen."

You have spoken about the possibility of Davivienda shares being traded on the New York Stock Exchange, maybe as soon as next year. Why is that a priority?

We want to have access to capital markets, among other things, to leverage our growth and sustainability in the near future. Davivienda has to be an institution that is prepared to compete not only with local players but also with international banks, so its ability to consolidate and grow in the major markets will be fundamental. And with the New York exchange now integrating with Germany, the market will be even bigger.

So the advantage of a New York listing is essentially financial?

Well, I think it is a very good step for all companies to take, because in order to list its shares in a market like New York, a company must achieve high standards in terms of transparency, corporate governance, and commitment to the environment and the community. This makes for better companies, and it is part of the very important benefit that you get if you make the effort to go to an international stock market. It can make us a much better and more competitive company. Locally, it offers a certain advantage over companies that do not make a similar effort.

Does this mean that Davivienda plans to focus exclusively on the U.S. market?

Not at all. I believe that countries in South America must look to other markets. We cannot rely just on America and Europe; we must take advantage of the growth opportunities in Asia — and not just China, but throughout Asia. That is the reality.

Expanding the financial system

It's a fine time to be in finance in Colombia. Cell phone banking is booming, foreign investment is growing, and opportunities abound in stocks and infrastructure.

Some people think of cell phone banking as just another modern convenience. In Colombia, it could be a way to curb the informal economy, reduce inequality and help bring millions into the middle class.

"The government is pro market, pro business, pro job creation and pro poverty reduction," said Finance Minister Juan Carlos Echeverry. "We believe that the old dichotomies between the market and the reduction of poverty, and between rich and poor, are simply wrong."

One key policy is to broaden greatly the general public's access to banking services. Financiers estimate that just three in five adults in Colombia have an account, meaning there are potentially 12 million customers available, albeit mainly low-income ones.

"Colombia has a huge number of cell phones — more than it has people — so we want people to stop using cash and start making electronic transactions," said Echeverry. "This will help curb the underground economy, bringing into the open what currently passes underneath the table. Formalizing the economy by incorporating people into the banking sector will be one of Colombia's main sources of economic growth."

Echeverry estimated that as much as 40 percent of the economy may currently go unaccounted for; thus, formalization could cause GDP to grow to around US$350 billion. In addition, it would boost tax collections while stimulating retail sales and credit, helping to draw more people into the middle class.

The Davivienda bank has introduced cell phone banking coupled with a system that gives card-free, cost-free access to ATMs. Efraín Enrique Forero, president of the bank, said he hopes to sign up 1 million users in the first year.

Another huge advantage of cell phone banking could be to pay government welfare benefits. Some 3.5 million Colombians receive cash payments via a system Forero described as "exceptionally rudimentary," with paperwork and savings accounts that require recipients to visit the bank. "This process is extremely costly; it can sometimes represent more than 20 percent of the value of the benefit being paid," said Forero.

The same cell phone banking mechanisms will potentially allow for expansion of micro-credit. However, for this to happen, Colombia must relax legal ceilings on interest rates, the banker explained. Micro-credit will only be cost-effective at interest rates above the current legal threshold, though still far below the 250 percent a year interest that some poorer Colombians without access to banks currently pay to loan sharks.

TOP 5 BANKS

BANCOLOMBIA
Total assets*: 53 trillion pesos (US$29.0 billion); more than 700 branches; present in Miami, Puerto Rico, Panama, the Cayman Islands and Peru

BANCO DE BOGOTÁ
Total assets*: 39.2 trillion pesos (US$21.5 billion); more than 730 service points; present in Panama, Nassau, Miami and New York

DAVIVIENDA
Total assets*: 30.9 trillion pesos (US$16.9 billion); more than 540 branches; present in Panama and Miami

BBVA COLOMBIA
Total assets*: 23.4 trillion pesos (US$12.8 billion); approximately 300 branches; Spanish owned

OCCIDENTE
Total assets*: 18.7 trillion pesos (US$10.2 billion); approximately 150 branches; present in Panama and Miami

* Source: Colombian Financial Superintendency, May 2011; US$ values are unofficial conversions using rate of May 31 2011.

Opportunities for investors

Colombia's financial sector is teeming with possibilities:

Banking: "Foreign banks have the know-how to offer potentially different products and services; they can offer extra competence." — Román Blanco Reinosa, president, Banco Santander

Infrastructure: "The volume of business in infrastructure will necessarily be very large in Colombia ... We have raised US$600 million to finance mass transit projects." — Felipe Encinales, president, Inverlink

Derivatives: "We are looking hard at this; it's a very new market in Colombia ... Very few asset managers have ventured into this area ... There's a new law and we are studying all the options." — Adriana Pinzón de Nassar, president, Fiduciaria de Occidente

Stock markets: "The Integrated Latin American Market will soon trade over US$500 million a day, offering investors the possibility of a better, more balanced portfolio." — Rafael Aparicio Escallón, director-general, Acciones y Valores

Modern financial instruments are helping dynamize the Colombian economy and kick-start urban development.

Adriana Pinzón de Nassar
President Fiduciaria de Occidente

Fiduciaria de Occidente is a subsidiary of Banco de Occidente, one of the largest Colombian banks and part of the Grupo Aval financial conglomerate. Essentially a provider of trust and fiduciary services, the company operates in a number of well-defined and expanding market segments, according to Fiduciaria de Occidente President Adriana Pinzón de Nassar. The first is managing public and private investment funds in various types of assets, not just stocks and bonds but also debt instruments, including real estate. "This is clearly our most important niche," Pinzón de Nassar said. Another key area is managing public funds destined for example to social security, health, pensions and infrastructure development.
Fiduciaria de Occidente is also active in real estate funds. Some are designed for low-income housing, while others target high-end residential developments, offices and malls. "Commercial centers are new here; 10 years ago it was just streets with shops and businesses," she said.
Pinzón de Nassar, who lived in England for many years, said the international perception of Colombia still lags behind today's new reality: "People have to actually come here and see the country to change their opinion. ... Colombia is going to be a center of development."

Q&A

Juan Carlos Echeverry
Minister of Finance

The appreciation of the peso against the U.S. dollar hurt Colombian exporters, but it gave people access to cheaper consumer goods, benefiting the commercial sector. What is your exchange rate strategy?
Well, I see this like a three-lane highway where the first lane is to reduce production costs in Colombia so that companies produce more cheaply, with higher productivity. We have reduced electricity costs by 20 percent for manufacturers, we have lowered tariffs and the negative protection they provided, we have reduced the cost of hiring young people with the "First Job" (Primer Empleo) law, and we are going to reduce taxes where possible. All this reduces costs and boosts productivity.

And the other lanes?
We are cutting the fiscal deficit from 3.6 percent to 3 percent, and the idea is to reach 0.6 percent in 2014. The primary deficit of 0.3 percent will become a surplus of 1.5 to 2 percent. And our third lane has been central bank intervention, buying US$20 million a day.

What about capital controls?
We avoided these. We introduced a package of measures last October focusing on resolving microeconomic distortions, and since then the peso has devalued against the U.S. dollar and our Latin American partners: Chile, Peru, Brazil and Mexico. This is important.

Felipe Encinales Silva
President, Inverlink

"There are significant opportunities in the area of asset management in Colombia."

Inverlink describes itself as Colombia's oldest and largest investment bank, with a strong track record in mergers and acquisitions, privatizations, and project finance. The company has strategic alliances with Credit Suisse and InterBolsa, a large brokerage house, but remains independent of major economic groups to avoid potential conflicts of interest, said Inverlink President Felipe Encinales.

"We've flirted with the idea of going international, and although we have worked for some clients abroad, we believe there are huge opportunities in Colombia," said Encinales.

The stock market

Colombia's bourse is shaking off the dust and playing a greater role in the economy, integrating with other regional markets and increasingly helping companies raise capital for investment.

"The exchange and the brokers have changed the way they do business; they are reaching out to the general public, and while numbers are relatively small, there are many more individual investors," said Rafael Aparicio Escallón, director-general of the Acciones y Valores brokerage.

Daily trading volume is running at an average of US$150 million, but a number of local IPOs are starting to shake things up. The Davivienda bank raised US$228 million last October in a Bogotá offer that was oversubscribed 13 times. It was the country's first IPO since 2007. Avianca (via its owner Avianca-Taca) followed suit in March of this year, raising around US$250 million. And the state-run Ecopetrol said it planned to offer some 1.67 percent of its capital for around US$1.4 billion.

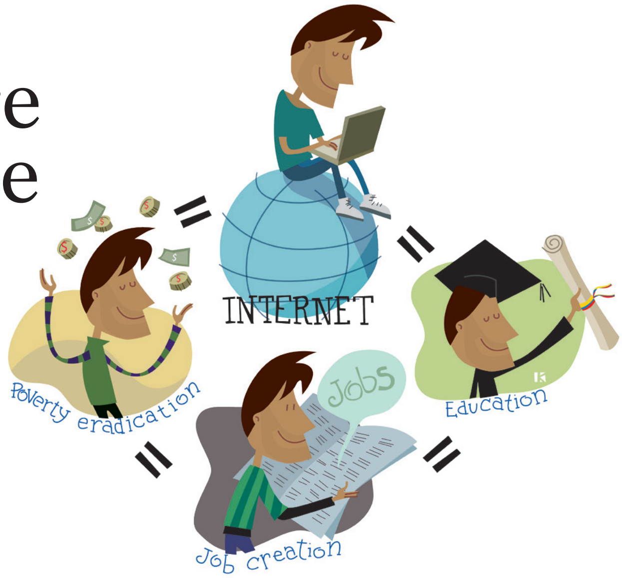
The stock exchange

In June 2011, Fitch became the third of the big three ratings agencies to promote the country to investment grade, helping to stimulate foreign interest in Colombian stocks.

Liquidity should further increase as the new Integrated Latin American Market (MILA) gains hold. This electronic trading system linking the markets of Chile, Colombia and Peru was launched in May. But some traders said additional harmonization of questions like tax, reporting and regulation was required to maximize MILA's potential. ■

The future starts here

With Colombia's economy growing steadily, and the years of trouble fading into the past, sectors like telecommunications, education and media are expanding rapidly.



Colombia has seen explosive growth in Internet, telecommunications and mobile telephony service. The number of broadband Internet users increased by 44 percent through last year, according to government figures, with mobile Internet users growing even faster.

Various companies are surfing this market.

"We grew by 20 percent in 2010, compared with 2009," said Juan Carlos Acosta, president of Tigo, a cell phone service provider controlled by Luxembourg-based Millicom International. Tigo is a third-ranked player in a market dominated by Comcel, a subsidiary of Mexico's América Móvil, and Movistar, owned by Spain's Telefónica.

The government sees rapid expansion of the Internet and mobile telephony as essential to economic growth, going hand in hand with expanding access to education.

Moisés Wasserman Lérner, rector of the state-funded National University of Colombia, said he welcomed the government's emphasis on education in the country's national development plan and recognized the potential of private institutions to expand the volume of degree courses available, although research would continue to need public funding. Despite budget constraints, Wasserman said, the National University had significantly reduced drop-out rates and virtually doubled student enrollment in five years.

Television is also doing well. Gabriel Reyes Copello, president of the RCN channel, said total TV advertising was growing: "This reveals a national trend that, despite the problems we still have, the economy is expanding."

El Tiempo, a leading editorial group, is also optimistic. They have reorganized newsrooms so that most of their journalists no longer write for one organ — for example, the flagship *El Tiempo* newspaper — but rather feed into a content pool, from which editors supply the group's various media.

Q&A

Diego Molano Vega
Minister of Information Technologies and Communications

Colombia has ambitious plans to expand its Internet infrastructure. Is there space for private investment?

Certainly. President Santos likes to say, "The market where possible; the state where necessary," and that clearly defines the roles. We need a grand alliance between the public and private sectors; our plan calls for the government to invest 5.5 trillion pesos (just over US$3 billion), and we hope private companies will invest three to four times that.

What are the goals?

First, we want broadband connections to increase from 2.2 million to 8.8 million. We want domestic Internet connections to increase from 27 percent to 50 percent of homes, which means growth mainly at the base of the pyramid, and we want to increase the number of companies online. Only 200 of our 1,103 municipalities have a fiber-optic connection; we want to get that up to 700.

Carlos Perez Dávila
Caracol TV

"We make a great effort to export Colombian TV programming, and we've been very successful."

International TV viewers might not know much about Colombian television, but with more and more people tuning into the country's soaps and other programming, that looks set to change. "Sin Tetas No Hay Paraíso" ("Without Breasts There Is No Paradise") a 7 million-viewer hit from Caracol, a leading Colombian TV company, was picked up by the American television network Telemundo and helped establish Colombia as a creative powerhouse.

Overseas Spanish-language cable stations are a prime target for Caracol, whose programs have been shown in more than 80 countries, and the company has a 25 percent stake in the Miami TV station WGEN-TV.

"Our success has a lot to do with the talent that exists in Colombia, something that comes through in the work of (Nobel Prize-winning author) Gabriel García Márquez," said Carlos Pérez Dávila, president of Caracol TV. "People here have great imaginations; we have great writers and stories. It's a country with an enormous diversity of cultures and ideas."

Caracol is part of the Santo Domingo Group, a major Colombian media conglomerate with diversified interests, for example in the brewing industry. In recent years, Caracol has restructured into independent business units to grow in the competitive international entertainment market.

"It's impossible for just one person or a small group of directors to have all the ideas and creativity we need to produce for the world," Dávila said.

Part of this reorganization separates content production from the TV channel, so that Caracol effectively buys programming from the group's production unit. The latter includes 11 studios and five mobile units, all variously equipped for high-definition filming.

"One key objective is to export our production," said Dávila. "In terms of the hours of production sold abroad, we are behind only Televisa (of Mexico) and Globo (of Brazil) in this continent."

The Internet is changing the world. Can it change Colombia?

The government has a very clear idea of the role of the Internet: to create jobs, reduce poverty and boost economic growth.

In Colombia, as in most countries, the Internet spread first among the more affluent middle classes and tech-savvy young. But rather than wait for broadband access to gradually trickle down to the 17 million Colombians who earn US$350 or less, the government has made expansion a national priority.

"We want technology to help us solve our problems, of which the most important is poverty," said Diego Molano Vega, minister of information technologies and communications. "The Internet gives people opportunities for education and access to information and so more employment opportunities."

Government plans are based on various studies showing that greater Internet access makes economies more competitive. "The World Bank says that for every 10 points of growth in broadband, the economy can grow by 1.4 percent," explained Molano Vega.

Colombia currently places around the middle of the international broadband table, in terms of connections per 100 inhabitants.

One area of government focus is smaller companies. "Big companies in Colombia have better IT services than in New York or London, because they have the same servers and our technical staff are just as competent but cheaper. However, the problem is the 96 percent or more of establishments that are small companies, because just 7 percent of those are online. So our goal is to raise that to 50 percent in four years," Molano Vega said.

Much more so than the cost of the connection, another factor slowing Internet expansion in this segment was a lack of appropriate applications for small Colombian companies, the minister added. This meant that small companies didn't see a reason to invest in IT. Thus, providing applications for this market segment constitutes an opportunity and is part of the government's "Vive Digital" plan.

Other priorities include growing online government services, promoting use of the Internet in education, growing telemedicine and digitalizing medical records. There's also a cyber-security program being run by the Ministry of Defense and a government-backed plan to put a public Internet connection into every rural settlement with more than 100 inhabitants.

Molano Vega said Colombia recognizes that it is competing against other Latin American nations for private IT investment, but thinks the country offers three differentials: a comprehensive government-wide IT policy, a greater volume of local talent and existing local innovation. ■

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