

# Colombia's reindustrialisation

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Colombia is advancing well in its reindustrialisation process. The last ten years have been the most dynamic decade for the manufacturing sector since the 80s. This sector has yielded an average rate of growth of 1.5 per cent. Thus, it is well worth taking a look at what the manufacturing sector and the Colombian Government are currently doing.

Industrial companies are improving their competitiveness by investing in innovation, developing mega-investment projects, winning over international markets, seeking to take advantage of the benefits offered by free-trade agreements, and strengthening their alliances with the public sector and academia. A good and illustrative example of the above is the country's rate of investment which is currently 28.5 per cent of GDP, which is the highest rate of investment over the last thirty years.

This dynamism in investment in the country has been particularly strengthened by the expansion and growth of industrial companies. Firms in the manufacturing sector have gone from making small investments with their own resources within the national territory, to carrying out large investments which in many cases have been leveraged on capitals markets and not just in Colombia but also in other countries within this hemisphere.

In innovation, the industrial companies have also taken substantive steps forward over the last few years. First, as a result of the growth in the share of sectors classified as intensive in technology and innovation, such as: chemical products, transportation equipment, machinery, electrical appliances, and petrochemicals. Second, this rate of growth also stems from the development of sophisticated products within the traditional sectors such as: nutritional high value-added goods within the foodstuffs sector, cosmetics, and cleaning products based on the sustainable benefit of the biodiversity, or a greater focus on fashion, research and avant-garde products in the textile industry.

Exports have also evidenced a substantial advance within the industrial sector, not only in terms of value – prior to 2000 industrial exports did not exceed US\$ 7 billion, and this year they are expected to top 20 billion – but also in terms of sophistication of products and diversification

of markets. As an example of this diversification in countries of destination, we find a substantial increase in participation of exports to non-traditional countries such as Brazil, Chile, China, and Peru.

As a complement to these efforts made by the private sector, the Colombian Government has continued designing and executing macro-economic, micro-economic, sector, and regional strategies to enhance the competitiveness of the country's companies and, thus, establish an adequate environment for industrial development. The following are some examples:

First, within the macro-economic agenda, we highlight the fiscal legislation and tax and fiscal policies recently approved; second, within the micro-economic area, we find the approval of the National Development Plan and the advances made in meeting its goals in science, technology and innovation, infrastructure and logistics, coverage and quality in education, simplification of regulation, diffusion and use of the ICTs, among others; third, regarding sector policy, we have consolidated the Productive Transformation Program of the Ministry for Commerce, Industry and Tourism, which has, as its primary goal, to enhance the productivity of 12 strategic sectors; and fourth within the regional field, we have made great progress through the reform of the mining and energy royalties system as one of the main mechanism and sources of financing for the future development of productive projects that have ample regional impact – including industrial projects.

In summary, over the last few decades, Colombian industry has successfully confronted great adversities, and now has very positive prospects for the future. The FTA with the United States of America was approved a few weeks ago, causing the corporate level of confidence to rise. Furthermore, growth margins are high, and companies, through their strategies on innovation, internationalization and diversification, and the Government, through its policies for improving this country's level of competitiveness, are making great efforts to consolidate a long term high and sustainable growth for the country and, in particular, for the manufacturing sector.