COLOMBIA

Colombia, with a population of approximately 45.6 million, is located in South America. Its capital is Bogota, and the main production center is Medellin (70%). The textile and garment industry is well-established, with Cali and Bucaramanga also being major production centers.

1. Base Data Country
   - **Capital:** Bogota
   - **Language:** Spanish
   - **Government:** Republic
   - **Business Hours:** Monday-Saturday 9.00 am to 7.00 pm
   - **Currency, Exchange Rate:** 1 EUR = 2.549,93 COP, 1 COP = 0.000392168 EUR
   - **Colombian Peso (COP) 100.000 COP= 39 Euro**
   - **Time:** GMT - 5 hours
   - **Population in millions:** 45.6 million
   - **Religion:** Catholic
   - **Climate:** Tropical, isothermal

2. Garment Sector Production Data
   - **GSP/FTA with EU:** FTA in place EU, Atipea FTA with USA
   - **Import duties:** 0%
   - **Working days a week:** 6 days
   - **Working days:** 240 days a year
   - **Working hours:** 10-12 hours a day
   - **Wages:** 250 US- 200 Euro/ month
   - **Legal Minimum wage:** 350 US- 252 Euro
   - **Factory shifts:** 1 per day
   - **Overtime:** 150-200%
   - **Interest rates:** 4.5% - 7%
   - **Standard allowed minute cost:** 0.20
   - **Political risk:** Medium, social unrest for investors
   - **Economic Risk:** Low
   - **Financial Risk:** Low
   - **Production type:** FOB- Ready made garments 100%
   - **Production centres:** Medellin, Cali, Bucaramanga
   - **Factories:** 450 textile manufacturers & 10.000 garment manufacturers
   - **Factory size:** very small SME 20-60 machines mostly
   - **Product groups:** knitwear+ woven, body wear, swimwear, lingerie and body shape, underwear, sportswear, leather and accessories
   - **Main fabrics:** some local cotton but not sufficient for industry; most fabrics are imported
   - **Sourcing partner countries:** Brasil, Peru, China, Bangladesh, India
   - **Local fabrics:** Denim: Fabricato Tejicondor, jeans producers CI El Globo, CI jeans, knitwear manufacturers Crystal, Manufacturas Eliot, Modinco and Protela.
   - **Lead time:** 90-120 days
   - **Payment terms:** TT, advance payment 25-50%
   - **Shipping:** vessel or air; vessel: two ports: Atlantic and Pacific Ocean: Puerto Bolivar and Turbo: Caribbean- Atlantic; Puerto Tumaco- Pacific
   - **Incoterms:** FOB

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Trade shows
Colombia Moda (Fashion trade show with Colombian brands: once a year in July) Colombia Tex (Fabric show: once a year in January)

Colombia has become one of the main fashion centers of Latin America where the city of Medellin is Colombia’s clothing center and accounts for 70% of garment production and 38% of textile production. Colombia’s clothing industry produces more than 250 million pieces of apparel a year.

Clients and exports
Main EU importing nations: 3 % market share in EU; coming from less than 0,1% in 2008
Key global brands/ retailers: Abercrombie & Fitch, Calvin Klein, Dockers, Gap, Levi Strauss, Polo Ralph Lauren, Tommy Hilfiger, Adidas, Victoria’s Secret and others

Main export markets
Historically the USA has been the largest trading partner of Colombia (above 60%). Some exports are made to Venezuela, Ecuador (16%) and Peru (7%) but the last 3 years due to FTA with USA- Canada and the CAFTA region most garment exports find their destination to the US market, Canada and Mexico. The domestic market for garments in Colombia is growing rapidly although hindered by more imports from abroad- mainly from Asia.

Sector facts
• The sector accounts for more than 5% of total Colombian exports becoming the most important sector of exports in non traditional products
• The industry generates 130.000 direct jobs and some 750.000 indirect jobs
• The most important products are: jeans for men and boys, cotton trousers for women and girls and product groupbras and corrective body shapewear
• These product groups account for almost 30% of total exports in garments
• The Colombian textile industry grows at a 8,4% annual rate
• The textile industry has over 100 years of tradition and is said to have started in 1907 with first companies that created fabrics
• Between 1950 and 1960 the first brands that exported finished products and designs emerged.
• Flexible minimum orders and tailor made designs
• High interest in social and corporate compliance as well as strong focus on organic materials
• Colombians clothing and textile industry is the largest and most experienced in Latin America
• Colombian sector has a strong focus on efficiency and certification
• Colombia grows short and medium staple cotton
• Most strong exporters are vertically integrated with all processes in house
• Strong artisan tradition

Colombian garment & textile sector focus products
1. knitwear
2. knitted outerwear
3. intimate apparel: bras & lingerie- body and control shape wear
4. hosiery & socks
5. sports & active wear
6. swimwear & beachwear
7. knitted accessories
8. household textiles
9. collections: design
10. colours & trend information

Apart from above textile related product groups Colombia has a growing sector in leather & footwear. The variety in product groups make Colombia a “one- stop- shopping” sourcing destination in Latin America.
Typical Colombian fashion items

Colombia is known for its fine needlework, highly trained orkers and skilled management and production efficiency. Colombia has a reputation for attention to detail, design and craftsmanship. Colombia’s garment & apparel sector operates in a branded global segment and therefore caters to the mid- upper mid and higher market segments.

Sales of Apparel by Category: Volume 2010-2015 in million units

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<tbody>
<tr>
<td>Clothing</td>
<td>27,1</td>
<td>277,6</td>
<td>282,9</td>
<td>289,4</td>
<td>296,8</td>
<td>305,0</td>
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<tr>
<td>Footwear</td>
<td>41,7</td>
<td>43,1</td>
<td>44,6</td>
<td>46,1</td>
<td>47,7</td>
<td>49,5</td>
</tr>
<tr>
<td>Apparel</td>
<td>315,8</td>
<td>320,7</td>
<td>327,5</td>
<td>335,5</td>
<td>344,6</td>
<td>354,5</td>
</tr>
</tbody>
</table>

Sector trends and developments: 2012-2014

- Although the sector has grown rapidly over the last 20 years at an average pace of 8% per annum, the last 2 years Colombia has not been able to profit much from its FTA agreements.
- Pre dominantly exports go the USA (60%) and new export markets as Canada and Mexico. Mexico is Latin America’s second-largest market with 112m people.
- Colombia’s largest textile and clothing export market in 2010 was Venezuela. Between 2010-2014 the exporting landscape has changed.
- This former strong export position with Venezuela has vanished completely as a result of the political disagreements with the Venezuelan President. Textile and clothing exports to the Venezuela have fallen for three years in a row.
- Colombia’s textile and clothing industry is eyeing on expanding its export market to the 28 countries of the European Union (EU) and the country is also aiming at building new business relations with these countries.
- Globally, the Colombian textile and garment sector is contributing only 3 percent of the total exports to the EU.
- Based on FTA the Colombian textile industry is currently importing around 1,600 USD million in textiles, representing an increase of 27 percent, from countries like USA, China, India, Mexico, Korea, Israel, Brazil, Italy, Germany and Indonesia.
- Colombia is an important export market for U.S. raw cotton.
- With an 80% market share the US is primary supplier of imported cotton to the Colombian market.
- Colombian manufacturers are looking to diversify their raw material sourcing.
- One of its new trade relations in textile imports is made with India.
- Synthetic textile exports from India to Colombia have increased substantially over the past four years.
- Colombia’s best performing textile and clothing product of 2012 was that of woven garments, although export of knitting clothing also increased.
- Colombia’s most important textile and clothing export product in terms of value in 2012 was that of men’s and boy’s cotton woven denim trousers with a 9.8% share of total exports, up from a 6.1% share. Followed by women’s and girl’s cotton woven trousers and brassieres.
- A number of leading brands such as Adidas, Victoria’s Secret, Tommy Hilfiger, Levi, DKNY, and Timberland have started production in Colombia over the last 4 years but are now aiming to expand their retail operations into Colombia’s promising domestic market.

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Key trends and developments

- Colombian consumers are highly aspirational when considering apparel purchase and look for a combination of status, style and quality in their clothing and footwear.
- Colombia has become a creative center for fashion in South America, hosting a large trade show Colombia Moda in Medellin every year, and boasting internationally known brands and designers such as Estaban Cortazar and OndadeMar swimwear.
- Colombia is becoming an important hub for Latin American fashion.
- Colombia is attracting foreign investments and retailers. Colombia’s recent economic stability and government support of the retail sector have made the country one of the top 30 most emerging markets.
- Colombia is importing more than exporting resulting in negative trade surplus in most industries.
- Most attractive to international investors for retail development.
- The three drivers: strong clothing production industry emerging fashion centers- and rising status in the global economy.

Changing Demographics impact domestic apparel sales

- Colombia has traditionally been a country populated with younger people, but the general trend is that the number of elderly people are growing faster than the younger segments of the population.
- The expansion of the middle aged population, a segment of high salary earners increased the demand for high-end products such as designer clothing and footwear.
- Demand for high performance sportswear items is growing, with a specialized subdivision of Colombian companies focusing on technology and innovation to access the emergent sportswear market.
- Casual Clothing and Fast Fashion is on the rise in Colombia.
- Move towards more casual clothing and increasing interest in foreign brands such as Zara and Mango.
- Foreign retailers and brands are aiming to open stores throughout Colombia.

Business contacts: Trade & sector associations
Proexport Colombia
InexModa
Conalgodon
Andi
Acicam
Fenalco