Colombia

National Overview - Colombia
(Sources: http://www.eia.doe.gov/emeu/cabs/columbia.html;
http://www.redhucyt.oas.org/RLQ/columbia/universidades_colombia.html;

With a population of 39 million and land size equivalent to New Mexico, Texas, and Louisiana combined, Colombia currently is experiencing difficult economic conditions, registering more than a 3% contraction in gross domestic product (GDP) in 1999. From 1991 to 1998, Colombia's GDP growth averaged about 3.8% per year. The World Bank in November 1999 approved a $506-million loan as part of an overall World Bank strategy to promote peace in Colombia, reduce the impact of the current recession on Colombia's poor, and help the country rebuild after its largest earthquake of the century in January 1999. According to a December 1999 agreement with the International Monetary Fund (IMF), Colombia will receive a loan of $2.7 billion but must reduce its fiscal deficit and inflation rate. Wage freezes and tax increases are expected as the country works to reactivate growth. Despite its current difficulties, Colombia has a half-century history of overall sound government finances, and the government retains its solid investment grade rating from the leading international credit rating agencies.

Colombia is in the process of developing a more attractive foreign investment environment. In early 2000, Colombia and Chile signed a foreign development and protection agreement that Colombia's foreign minister believes eliminates the risk to foreign investors in Colombia. Also in early 2000, President Andrés Pastrana announced his "Colombia Plan", which aims to spend $7.5 billion ($4 billion from Colombia and $3.5 billion from the United States and the international community) over three years to resolve conflicts with insurgent groups, fight illegal drug trafficking, modernize Colombian legal and military institutions, and strengthen the economy. Pastrana plans privatization in the energy, telecommunications, and banking industries. The country's recurring violence problems, with armed conflict between two main rebel groups and the government, have historically inhibited the growth of private investment.

Oil is Colombia's largest export earner, and the country was the seventh-largest source of U.S. crude oil imports in 1999. However, current oil reserves are projected to last only for about a decade, and some analysts predict that Colombia could become a net oil importer by 2004. Encouraging foreign investment in oil exploration and production has become a top priority, as much of the country remains unexplored. The oil industry accounts for an estimated 4.5% of GDP and more than 20% of exports. Coal is also a major export earner, and privatization of the state coal company could bolster foreign investment and add to state coffers.

The United States is Colombia's largest trade partner. Colombia seeks membership in the North American Free Trade Agreement (NAFTA), which currently includes Mexico, the United States, and Canada. President Pastrana reportedly aims to have his country accepted under the same conditions as Mexico.
Chemically Related Affairs - Colombia

US / Colombian chemical and related product trade in 1999: US Imports US$ 330.49 million; US Exports: US$ 746.76. Key imports include inorganic chemicals; precious metal compounds; pigments, paints and varnishes; plates, sheets, film foil and strip plastics. Key exports include hydrocarbons and derivatives; organo-inorganic and heterocyclic compounds; polymers of ethylene; fertilizers; plastics in primary form.

Thirty-nine higher education institutions provide degrees in some form of chemical science. Two institutions offer doctoral-level study. Chemical Engineering: Universidad Industrial de Santander, Bucaramanga, Santander, Ciudad Universitaria-Carrera 27 Calle 9, Apartado 678 Tel: (98-57)34-3655, 34-3656, 45-2101, 45-7131; Fax: (98-57)35-0541. Chemistry: Universidad Nacional de Colombia Santafe de Bogotá, Distrito Capital, Ciudad Universitaria Apartado 14490; Tel: (98-57-1)244-2830, 244-4264, 244-2816, 269-1390; Fax: (98-57-1)221-9891.

There are four key chemically related societies / associations with the Colombian Chemical Association being designated by Colciencias: Instituto Colombiano para el Desarrollo de la Ciencia y la Tecnología as representing the national interests of chemistry for the country.

Key issues: deforestation; soil damage from overuse of pesticides; air pollution, especially in Bogota, from vehicle emissions. Colombia is the world's largest processor of coca derivatives into cocaine; supplier of cocaine to the US and other international drug markets; active aerial eradication program seeks to virtually eliminate coca and opium crops.
Industrial Chemicals in Colombia
(Source: www.stat-usa.gov)

SUMMARY

The Colombian market for industrial chemicals is estimated at $5.9 billion. Industrial investment and, research and development should drive future growth for the sector. The U.S. has been very competitive for many years in the industrial chemical sector with an average 34.0 percent share of the Colombian import market, followed by Mexico (8.3 %), Germany (8.0 %) and Venezuela (7.9 %). Colombia annually imports approximately $2.4 billion in industrial chemicals and materials which is about 43 percent of the apparent market size.

An industrial recession from 1997 to 1999 is responsible for current negative economic, political, and social conditions which are depressing internal production and demand. Colombian production has performed below forecast levels in the last five-year period with varying output levels of 2.1 percent in 1997, 0.6 percent in 1998, -4.32 percent in 1999, 2.81 percent in 2000 and 1.57 percent in 2001 with a disappointing slowdown in the manufacturing sector of -0.75 percent. The National Planning Department optimistically predicts growth rates of 2.5 percent for 2002 and 3.4 percent for 2003.

This report covers main developments within the following groups of basic organic and inorganic industrial chemicals: alkalis and chlorine, salts and inorganic compounds, caustic soda, industrial gases, carbon dioxide, inorganic pigments and colorants, miscellaneous inorganic chemicals including acids, aluminum compounds, potassium and sodium compounds and catalysts, utilized in a vast area of the Colombian productive sector and service industries. It also covers materials for pharmaceuticals, fertilizers, tanning and dyes, cosmetics and perfumes, soaps and waxes, adhesives and sealants, pesticides and chemical specialties. END SUMMARY.

A. MARKET OVERVIEW

The market for all chemical products in Colombia has been estimated at $5.9 billion. It is one of the largest and most complex industry sectors in Colombia. The chemical sector accounts for approximately 4.7 percent of employment in industry. It also represents 3.5 percent of all establishments and 7.7 percent of gross manufacturing production.

Demand for basic chemicals for all industries; and especially active ingredients for the pharmaceutical, cosmetics, and food and beverage processing industries; is expected to maintain a steady growth of about 2 percent yearly. The chemical sector grew an average of 3.0 percent annually between 1995 and 1998.

The entire chemical sector was particularly favored by the open economy measures of 1991 with free licensing and minimum import requirements for about 85 percent of chemical product tariff classifications. Furthermore, Andean Community provisions provide patent protection for basic chemicals, active ingredients and several substances ordinarily imported by the majority of
industry sectors. Most favored industries are found in the agricultural chemicals, pharmaceutical, veterinarian, cosmetics and food processing sectors, which could lead to new product development and investments in sectors with high consumption of industrial chemicals.

Industrial investment and research and development will enhance future prospects in this sector despite current low economic, financial and trade indicators. The Colombian apparent market size may well reach $6.0 billion if market conditions improve in the short run, i.e. in 2003. Colombia's ability to compete in a global economy will depend on its ability to modernize and automate its industrial infrastructure. To increase sales of industrial chemicals, industrial investment is required in the food and beverage industry, the pulp and paper industry, the chemical industry and the majority of processing industries. Investment is also required in the areas of energy, oil & gas, coal, water supply, water and wastes treatment, and the application of environmental technologies.

**Market Trends**

U.S. suppliers have good opportunities to maintain their average share of the market for industrial chemicals if moderate expansion levels by some private firms in the petrochemical and chemical sectors are maintained. The two major refineries in Barrancabermeja and Cartagena will continue to be modernized, and there are firm plans for constructing at least one new refinery on Colombia's Caribbean coast.

In addition, projects in the areas of water and waste water treatment, pulp and paper, electric and gas utilities, petroleum refining, plastics production, metalworking, automotive assembly, food and beverage processing, water supply, and environmental technologies will contribute to market opportunity growth in this sector.

The following is a list of industrial chemicals and raw materials imported by Colombian industry: phosphinates, phosphonates and other phosphates of calcium; polyphosphates, sodium perophosphates; sodium tripophosphate; calcium hydrogenorthophosphate; carbonates and peroxocarbonates; disodium carbonates and sodium hydrogencarbonate (sodium bicarbonate); calcium carbonate; sodium hydroxide (caustic soda); anhydrous ammonia; sulfates, alums and peroxosulfates; disodium sulfate; chromium sulfate; inorganic acids; silicon dioxide, synthetic silica gel; hydrogen, rare gases and other nonmetals; phosphorus; hypochlorites; calcium hypochlorite; chlorides, calcium chloride and chloride oxides; salts of oxometallic or peroxometallic acids; sodium dichromate; molybdates; artificial corundum; aluminum oxide and aluminum hydroxide; hydrogen peroxide; borates and peroxoborates, other tetraborates; carbon and carbon blacks; carbides, calcium carbides, silicon carbides; dithionites and sulfoxylates; radioactive chemical elements and radioactive isotopes; diphosphorus pentaoxide and phosphoric acid; titanium oxides and dioxides; lead oxides and monoxides; iron oxides and hydroxides; hydrazine and hydroxylamine and their inorganic salts, other inorganic bases; manganese oxides and manganese dioxides; cyanides and cyanide oxides; fluorides, fluorosilicates, fluoroaluminates, and other complex fluorine salts; nitrites, nitrates; chlorates and perchlorates, bromates and perbromates, iodosates and periodates; colloidal precious metals, inorganic compounds of precious metals; sulfites, thiosulfates; silicates, and commercial alkali metal silicates.

Industrial chemicals are mostly used in a range of industries such as chemical processing, pulp
and paper products, water treatment, oil drilling, textiles, synthetic fibers, soaps and detergents, primary metallurgy, electronics, plastics, pharmaceuticals, cosmetics, fertilizers, explosives, paints and coatings, and food and beverage production. A growing demand for industrial chemicals should result from more serious implementation of the environmental legislation on water treatment. Other positive signs for increased demand in the short term are steady growth rates in the soap, detergent, edible oil and margarine industries; intensive oil and gas exploration and exploitation; and the expansion and modernization of refineries and other petrochemical facilities.

The agricultural sector has maintained healthy at GDP levels due to greater efficiency in cattle and poultry raising, as well as in the production of oil palm, sugar, rice, corn, flowers and fish/seafood products. Agricultural chemical consumption has declined recently, however, due to heavy rains in the last few months that have destroyed several crops and due to an international coffee price collapse (with lower production and exports). Additionally, the expectation of the upcoming "El Niño" phenomenon during the second half of 2002 is yet another disappointing factor negatively affecting the steady growth of the agricultural sector.
Research Centers - Colombia

ORGANOMETALLIC RESEARCH CENTRES
(source: http://www.scc.um.es)

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