AUTOMOTIVE INDUSTRY
The automotive industry represents 6.2% of GDP, employs close to 2.5% of the occupied population and places Colombia as the fifth automobile manufacturer in Latin America.

An industry with manufacturing and assembly of cars, trucks, buses, motorcycles and auto parts for OEM and after-market

Dynamic automotive industry: average growth of close to 11% in manufacturing, 27% in exports and 15% in consumption.

Source: Acolfa
Localization of assembly operations in Colombia

- **Bogotá**
  - Capital city with 8 million inhabitants
  - Automotive Fleet of 917,771 units
  - Distance from the ports:
    - Pacific: 500 km
    - Atlantic: 1000 km

- **Medellín**
  - Second biggest city in Colombia with a population of 2,223,078 inhabitants.
  - Automotive Fleet of 565,539 units
  - Distance from the ports:
    - Pacific: 500 km
    - Atlantic: 750 km
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Employees:</td>
<td>1300</td>
<td>919</td>
<td>600</td>
<td>90</td>
</tr>
<tr>
<td>Localization:</td>
<td>Bogotá</td>
<td>Envigado –Ant</td>
<td>Bogotá</td>
<td>Bogotá</td>
</tr>
<tr>
<td>Sales 2009:</td>
<td>1´100.000.000 USD</td>
<td>400.000.000 USD</td>
<td>265.000.000 USD</td>
<td>70.000.000 USD</td>
</tr>
<tr>
<td>Market Share:</td>
<td>36%</td>
<td>15%</td>
<td>6%</td>
<td>0.2%</td>
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<tr>
<td>Type of Vehicle:</td>
<td>Light-Vehicles buses, light trucks</td>
<td>Light-Vehicles utility vehicles</td>
<td>Light-Vehicles</td>
<td>Light trucks</td>
</tr>
</tbody>
</table>
CARGO VEHICLES

Cargo vehicle sales 2006-1 Q of 2009, % Total

- Automotive truck fleet in Colombia: 285.661 units
  - C2: 83%
  - C3: 5%
  - C4: 0.11%
- Light trucks: 12%

- Around 48% have more than 20 years in operation (136,000 units)
- Average age to total feet is 23 years
- Currently in the roads are 33,000 Vehicles with more than 50 years
- Near 95% of the cargo in Colombia is moved by road, this figure being 125 million tons per year, generating the frequent and continuous use of light and medium weight trucks, as well as eighteen wheelers
- The Ministry of Transport is leading a scrapping process

Total: 62.088 Units

Source: Colfecar
PASSANGERS VEHICLES
• Passanger buses fleet in Colombia:
  205,793 unidades
  Bus:  79,167 (38%)
  Minibus:  56,684 (27%)
  Coletivo:  69,942 (35%)

• The passangers buses have a use of 7 years maximum in the main cities

• Mass Transport System ahead in the main cities

<table>
<thead>
<tr>
<th>City</th>
<th>Transport System</th>
<th>Number of buses</th>
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</thead>
<tbody>
<tr>
<td>Medellín</td>
<td>Metroplus</td>
<td>1,121</td>
</tr>
<tr>
<td>Cali</td>
<td>Metrocali</td>
<td>913</td>
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<tr>
<td>Cartagena</td>
<td>Transcaribe</td>
<td>716</td>
</tr>
<tr>
<td>Bucaramanga</td>
<td>Metrolinea</td>
<td>368</td>
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<tr>
<td>Pereira</td>
<td>Megabus</td>
<td>137</td>
</tr>
<tr>
<td>Soacha</td>
<td>Transmilenio (Bogotá)</td>
<td>45</td>
</tr>
</tbody>
</table>
Motorcycle market in Colombia 2000-2008, Units

OEM Imports Market

Source: Ministry of Commerce, Industry and Tourism, DIAN (Imports)

Colombia is the second producer or motorcycles in Latin America after Brasil

A domestic production reach 85%, just 15.8% comes from imports of around 60 different companies
Localization of autoparts companies in Colombia

- Medellín
- Bucaramanga
- Manizales
- Bogotá
- Cali

The map shows the locations of autoparts companies in Colombia.
Main Autoparts with manufacture in Colombia

The production of automotive parts includes the following productive activities: smelting, melting, mechanizing, upholstery, electrics, rubber, and glass, among others.

- Air Conditioning
- Seats and Interior Trim
- Clutch
- Hoses
- Joints and Retainers
- Tires and neumatics
- Metal mechanic Parts
- Motor Parts
- Wheels
- Steering Systems
- Electric Systems
- Exhaust Systems
- Brake Systems
- Suspension Systems
- Transmission Systems
- Laminated and Hardened Safety Windows
- Accessories

Recognized auto parts companies are established in Colombia as a platform of their operations not just in the region:
The Colombian exports decreased 15% in 2009 but the accumulated period we growth 40%.

The main destination is Venezuela with 34%, Ecuador 29%, Brasil 9%, Chile 5% and United States with 4% but the country exports reach 45 different countries even Cuba, Nigeria, Rumania, Greece, Jordania, Romenia.

The most representative products are Tires, Battery, Bullet proof glass, wheels and brakes.
In the last four years auto parts imports have increased 39%, showing high demand for assemblers as well as for the after market. Currently, there are 40 vehicle brands being commercialized in the country, stimulating internal consumption that is presently met by imports.
Advantages of the industry

The auto parts sector has been identified by the government and private sector as a world class sector to be promoted and potentialized:

Is one of the 8 sectors that make part of the Productive Transformation Program in Colombia; this initiative goal is by 2032 will turn Colombia as a leader export country in the auto parts sector, generating revenues of US$ 10 billion and positioned as a regional leader in specific segments.

Colombia’s greatest asset is the availability of qualified human capital at competitive costs. There are more than 15,000 professional and technical graduates, and labor costs are competitive at US$ 1.73/hour for industry operators.

The most competitive incentives regime for investors:

Assembly or Transformation Authorized Warehouses, that guarantee no tariff for parts and raw materials

30% deduction for companies whose investment in the country includes the acquisition of fixed productive real assets

Free Trade Zone Regime

Legal Stability Contracts