RESPONSIBLE BUSINESS CONDUCT

Responsible Business Conduct Country Fact Sheet

COLOMBIA

OECD

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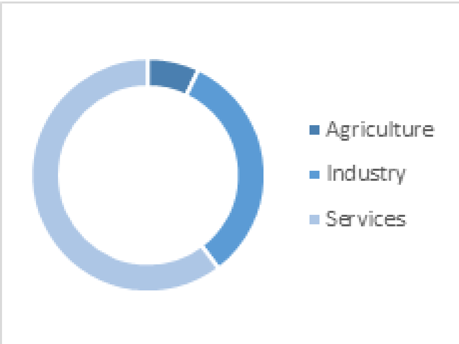
1. Country Overview

The OECD, in partnership with the International Labour Organisation (ILO), the Office of the United Nations High Commissioner for Human Rights (OHCHR), and the European Union (EU), has launched a four-year programme (2019-2022) to promote and enable Responsible Business Conduct in Latin America and the Caribbean (RBC LAC) in nine partner countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama and Peru). Under this programme, the OECD will contribute its expertise on Responsible Business Conduct to strengthen government policies for RBC, help business to conduct due diligence in priority sectors, and strengthen access to remedy by reinforcing National Contact Points for RBC (NCPs). This note provides background information and data on Colombia's trade and investment situation, with a focus on the agriculture, mining/extractives and textiles sectors.

Colombia is the fourth largest economy in Latin America, and the third in terms of population. Colombia is on track to position itself as high-income country, after two decades of sustained growth and considerable poverty reduction. The country was invited in May 2018 to join the OECD and its accession is imminent (OECD, 2018a).

The Colombian economy is supported for the most part by services (60% of GDP), industry (33%), mainly from mining-related activities, and agriculture representing 7% of GDP (UN, 2019). Although the sectoral structure of Colombia's economy is similar to that of the LAC region, the tertiarisation process has been slightly slower, as industry and agriculture still maintain a relatively important weight (World Bank, 2018).

Figure 1. Value added by activity (2018)



Source: United Nations Statistics Division (UNSD) (2017), Colombia Economic Indicators), http://data.un.org/en/iso/co.html

Between 2000 and 2017, the economy grew at an average rate of 4.3%, GDP per capita doubled, and the poverty rate dropped from 50% to 28%, a particularly positive trend in comparison with its neighbouring countries (OECD, 2019).

The oil price shock between end of 2014 and early 2016 slowed economic growth and halved export earnings, although the economy weathered the shock relatively well in comparison to other countries in the region (OECD, 2017).

The political landscape, both domestically and in the neighbouring countries, was characterised by some pivotal events in recent years. In 2016, the Colombian government and the Revolutionary Armed Forces of Colombia (FARC) signed a peace agreement reassuring foreign investors (Schifter, 2018). Moreover, due to the political crisis in Venezuela, Colombia has received approximately 1 million Venezuelans, a number that could go up to 4 million by 2021 if the political situation remains uncertain (Reuters, 2018).

With regard to the labour market, reforms have reduced the extent of informality, but informality among employees and self-employed is higher than in many emerging markets and Latin America and Caribbean countries (OECD, 2017). The majority of the self-employed work in unregistered businesses without access to social security. The informality rate is around 65%, if measured by the share of employees and self-employed not contributing to the pension system (DANE,[1] OECD, 2017).

Table 1. GDP trends (2000-2017)

	2000	2005	2010	2015	2017
GDP (current bn USD)	99	145	286	293	311
GDP (PPP) (current bn USD)	265	354	485	665	710
GDP Growth (%)	2,9	4,7	4,3	2,9	1,3
GDP per capita (current USD)	2,520	3,404	6,326	6,175	6,375

Source: World Bank (2018), World Development Indicators, https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD?end=2017&locations=CO&start=2000

Colombia has significantly improved its business environment and climbed, between 2006 and 2019, from 76th to 65th in the World Bank Ease of Doing Business, second only to Mexico (54th) and Chile (56th) within the LAC region. Thanks to reforms, the country rates particularly well in the "Getting credit" dimension, (3rd worldwide) and "Resolving insolvency" (40th), as well as in the "Protection of minority investors" (15th). However, of particular concern is the area "Enforcement of contracts" (177th): the time and resources[2] demanded are more than double those of OECD countries (OECD/CAF, 2019).

Similar to other countries in the region such as Peru, informality is perceived by businesses of all sizes as the main operational obstacle (World Bank Enterprise Survey, 2017). The second biggest perceived problem is tax rates, followed by corruption, which is felt particularly by medium-sized enterprises (13% of the medium-sized enterprise population, against only 2% for small and large enterprises).

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[1] DANE (Departamento Administrativo Nacional de Estadística) is the Colombian National Statistical Agency.

[2] The time dimension refers to file and serve the case; for trial and to obtain the judgment; to enforce the judgment. The costs include Attorney fees; Court fees; Enforcement fees. In Colombia, the average time indicator is around 1288 days, against a Latin America average of 768 and 582 in high income countries; the cost, measured as percentage of claim value, is 45%, against 31% in Latin America and 21% in high income countries. Information can be accessed at: http://documents.worldbank.org/curated/en/502521541068480480/pdf/WP-DB2019-PUBLIC-Colombia.pdf

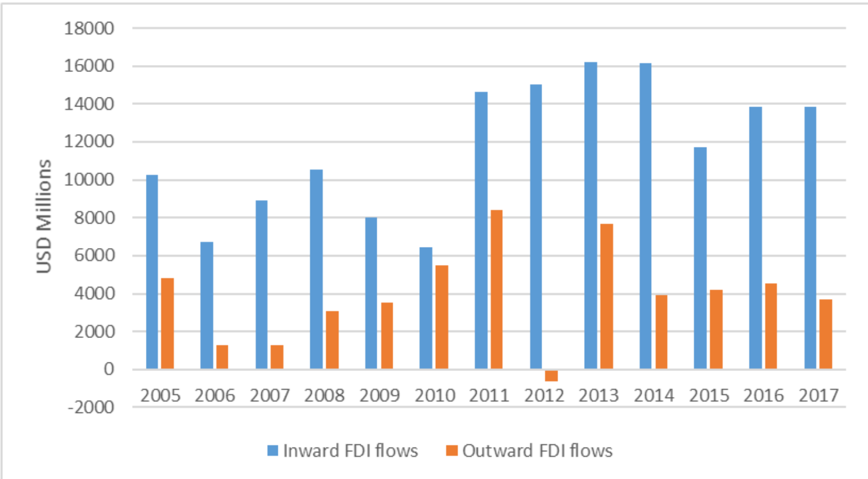
2. Investment

Colombia has made strong efforts to open up to foreign investment since the 1990s and has continued enhancing its investment framework, simplifying procedures and removing unnecessary administrative burdens to investors as part of the National Development Plan (OECD, 2017). Statutory barriers to FDI, as measured by the OECD FDI Restrictiveness Index,[3] are the lowest in the region and lower than the OECD average.

In 2018, inward FDI stock reached 57% of GDP, higher than the Latin American regional average (40%, UNCTAD). Inflows of FDI where around USD 10 Billions before the global financial crisis and were squeezed particularly in 2010; inflows were the on the increase to above USD 15 Billions and settled in recent years at around USD 14 Billions. Although outflows are also substantial, Colombia remains a net receiver of FDI.

Inflows are concentrated in specific sectors and regions. The country is increasingly developing digital technologies in the business sector and overall 'digital connectivity' (OECD, 2019). The benefits of FDI inflows are not evenly spread across the country with three[4] regions (Bogota, Cundinamarca and Antioquia) receiving more than 60% of total FDI inflows between 2015-2017 (OECD, 2019).

Figure 2. FDI flows, 2005-2017



Source: Banco de la Republica Colombia http://www.banrep.gov.co/es/inversion-directa

[3] The FDI Regulatory Restrictiveness Index (FDI Index) measures statutory restrictions on foreign direct investment in 22 economic sectors across 69 countries, including all OECD and G20 countries.

[4] Colombia is composed of 32 administrative departments and the Capital District of Bogota. Departments are divided into a total of 1101 municipalities. Among them, five – Cartagena, Barranquilla, Bogotá, Buenaventura, Santa Marta and Villa de Mompox –are categorised as "special districts".

As of 2018, the United States was the largest investor in the country with 22.35% of FDI flows,[5] followed by Spain with 14.06% and then England with 11.38%. In terms of outward FDI flows, Mexico was the first destination with 17.2%, followed by the Netherlands (13.3%) and Panama (10.9%). In the Latin American region, Panama is the main source of investment into Colombia with 10.36% of inward flows followed by Mexico with 6.21% (Central Bank of Colombia, 2019).

Table 2. Major foreign direct investors (2018)

	USD million	As a share of total inward flows %
Total inward FDI flows	11.535	100%
United States	2.578	22.35%
Spain	1.622	14.06%
England	1.313	11.38%
Panama	1.195	10.36%
Suiza	919	7.97%
Mexico	717	6.21%
Canada	641	5.56%
Luxembourg	435	3.77%
Barbados	298	2.58%
Anguilla	282	2.45%

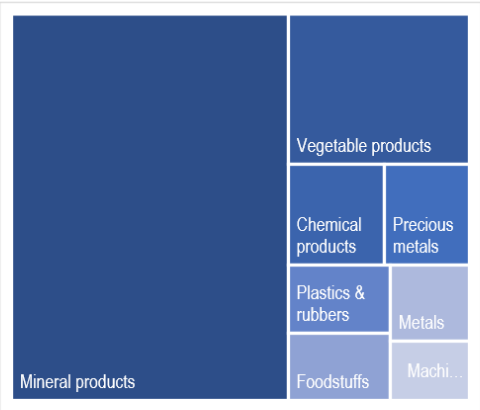
Source: Central Bank of Colombia, Flujos de inversión directa - balanza de pagos. Available at: http://www.banrep.gov.co/es/estadisticas/inversion-directa
Note: Table reports flows. FDI *stock* data at partner level was not available at time of drafting. Figures may appear different due to rounding.

[5] FDI stock data at partner level was not available for Colombia at time of drafting. As a result, this part of the analysis is based on flows and as such is not directly comparable with other country fact sheets. The inward FDI *stock* is the value of foreign investors' equity in and net loans to enterprises resident in the reporting economy. In contrast, *flows* record the value of cross-border direct investment transactions received by the reporting economy during a single year.

3. Trade

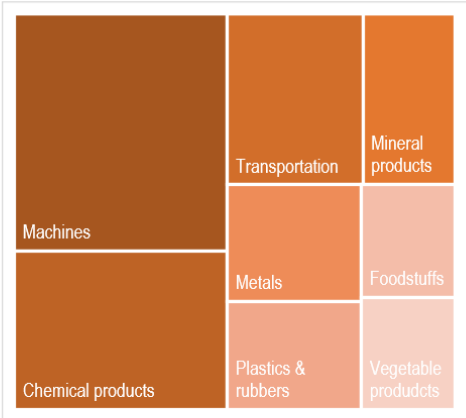
As of 2018, Colombia's trade (exports plus imports) accounted for 37% of GDP. In 2017, fuels and mining products such as crude petroleum and coal briquettes accounted for more than half of exports, 24.3% were manufactured products and the rest were mainly agricultural products (22%) such as coffee and bananas. In terms of imports, more than a third were manufactured products, such as passenger vehicles and computers, and 16% were chemical products such as packaged medicaments (OECD, 2019).

Figure 3. Composition of exports (2017)



Source: The Economic Complexity Observatory: An Analytical Tool for Understanding the Dynamics of Economic Development (2019), Colombia, based on UN Comtrade, https://atlas.media.mit.edu/en/profile/country/col/

Figure 4. Composition of imports (2017)



Source: The Economic Complexity Observatory: An Analytical Tool for Understanding the Dynamics of Economic Development (2019), Colombia, based on UN Comtrade, https://atlas.media.mit.edu/en/profile/country/col

Colombia has 10 Free Trade Agreements (FTAs) in force, including with the United States (2006) and the European Union (2012), as well as: Canada (2008), Chile (2009), Costa Rica (2013), EFTA (2010), Mexico (1995), El Salvador, Guatemala and Honduras (2007), South Korea (2014), and the Pacific Alliance (2011). Colombia is also part of the Pacific Alliance (2011) and of the Andean Community Customs Union since its establishment in 1969. Colombia is currently negotiating new FTAs with Japan, Turkey and the Pacific Alliance Candidate Association States (Australia, Canada, New Zealand and Singapore) Ministry of Trade, Industry and Tourism

Around 63% of Colombia's exports and more than 60% of its imports are with OECD member countries. The biggest recipients of Colombia's exports are the United States (29%), Panama (6.8%) and China (5.2%) (World Bank 2019). Colombia's largest import partners (Table 4) are geographically diverse: with the United States leading the top 10 list (26%), followed by China (19%), and Mexico (7%).

Box 1. EU-Colombia Trade Relationship

Trade between the EU and Colombia operates under the Trade Agreement between the EU and Colombia (and Peru), in place since 2013. With almost EUR 6 million worth of EU products exported to Colombia in 2017, the EU is Colombia's second biggest trading partner after the United States (EU Delegation, 2016). The majority of EU products are industrial products such as machinery and transport equipment. Imports from Colombia to the EU reached EUR 5.6 million, covering mainly mineral products as well as agricultural products such as coffee and bananas (EEAS, 2018). In terms of FDI, the EU is the first foreign investor in Colombia: EU FDI stocks increased by 4% between 2013 and 2015, totalling EUR 18.2 billion in 2015 (EEAS, 2018).

Table 3. Top 10 export partners (2017)

Ranking	Country	Exports USD (2017)	
		USD billion	% total exports
1	United States	11	29.16
2	Panama	2.5	6.84
3	China	1.9	5.2
4	Netherlands	1.5	4
5	Mexico	1.5	4
6	Ecuador	1.4	3.8
7	Turkey	1.4	3.7
8	Brazil	1.3	3.6
9	Peru	1.1	2.9
10	Chile	1	2.7

Source: World Bank (2019), WITS, Colombia, based on UN Comtrade https://wits.worldbank.org/CountryProfile/en/Country/COL/Year/2017/TradeFlow/Export/Partner/by-country

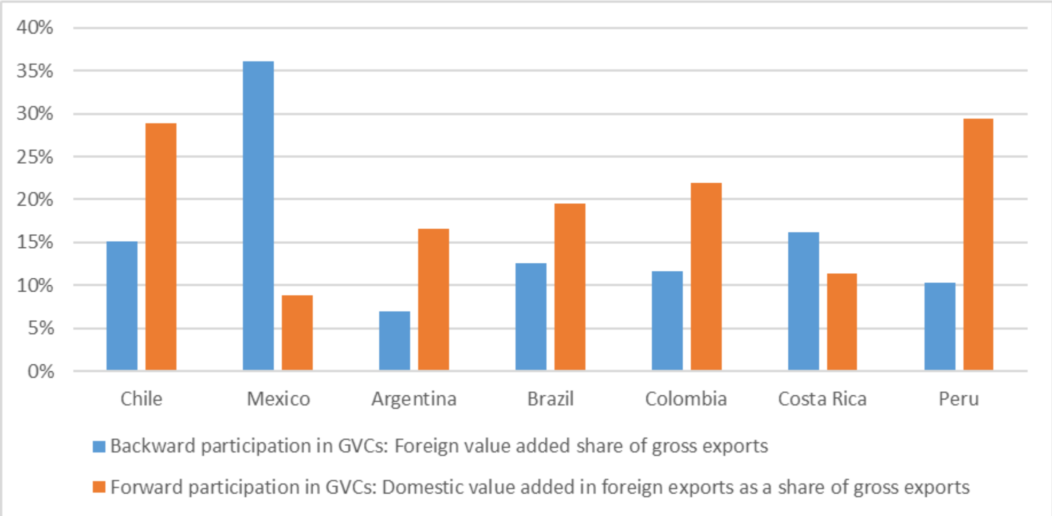
Table 4. Top 10 import partners (2017)

Ranking	Country	Imports USD (2017)	
		USD billion	% total exports
1	United States	12	26.2
2	China	8,7	19
3	Mexico	3,4	7.46
4	Brazil	2,2	4.9
5	Germany	1,8	4.07
6	Free zones	1,3	2.9
7	Japan	1,2	2.6
8	India	1	2.2
9	Spain	0,967	2.1
10	France	0,944	2

Source: World Bank (2019), WITS, Colombia, based on UN Comtrade https://wits.worldbank.org/CountryProfile/en/Country/COL/Year/2017/TradeFlow/Import/Partner/by-country

Colombia's participation to Global Value Chains (GVCs) consists predominantly of 'forward linkages' in trade in value added[6] terms ().[7] This is due to the role of the Colombian economy in supplying primary inputs (commodities) to industries that use them in production downstream in the value chain (OECD, 2017).

Figure 5. Backward and forward participation in GVCs, 2015



Note: Data for Panama and Ecuador are not available.
Source: OECD TiVA 2018.

The role of mining in ensuring forward linkages is shown further in , which displays, by industry, the domestic and foreign value added content as a share of gross exports, in the most recently available data (2015). Following mining products, chemicals and basic metals also provide some significant portions of domestic value added entering global value chains.

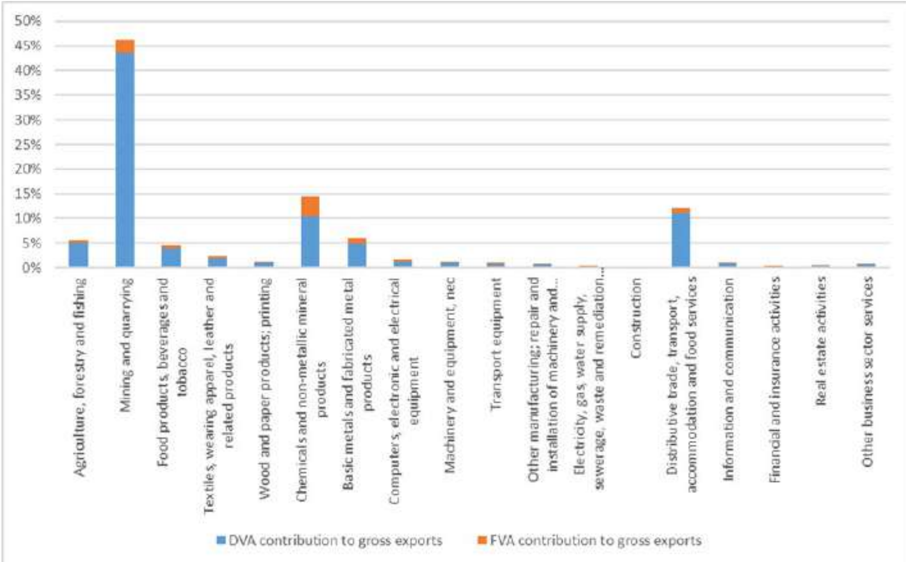
Colombia's forward participation in medium-high and high technologies is the lowest of all Latin American countries (OECD, 2017).

[6] The 2018 update of the OECD's Trade in Value Added (TiVA) data provides a new suite of indicators to better understand complex trade relations and global supply chains that create value throughout the production and distribution process.

[7] Economies can contribute to global value chains by importing foreign inputs for producing the goods and services they export (backward GVC participation) and also by exporting domestically produced inputs to partners in charge of downstream production stages (forward GVC participation). These degrees of participation are measured empirically through ratios. Forward GVC participation corresponds to the ratio of 'domestic value added sent to third economies' to the economy's total gross exports. It captures the domestic value added contained in inputs sent to third economies for further processing and export through value chains. Backward GVC participation refers to the ratio of the 'Foreign value added content of exports' to the economy's total gross exports.

Figure 6. Industry shares of domestic and foreign value added content of gross exports

As a percent of total gross exports, 2015



Source: OECD TiVA 2018

Integration and competitiveness are hampered by divergence in trade regulatory standards within the region, as well as poor infrastructure. Recent empirical work by the OECD showed that Rules of Origin in Preferential Trade Agreements of Latin American countries undo more than 15% of the positive trade effect of these agreements, particularly for intermediate products (30%) (OECD, 2016). To continue its development, Colombia needs more roads to connect its cities and main commercial centres with its ports (World Bank, 2018).

4. Responsible Business Conduct

Colombia has taken important steps in recent years to set high standards of responsible business conduct, both in terms of regulations and public policy. In 2011, Colombia adhered to the Declaration of Foreign Investment and Multinational Enterprises, of which the OECD Guidelines for Multinational Enterprises are part. Consequently, in 2012 the National Contact Point (NCP) was established as an instance for its implementation (see Box 2). Colombia also adhered to the Council Recommendation on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (2012); the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (2017) and the OECD Due Diligence Guidance for Responsible Business Conduct (2018).

Box 2. The Colombian National Contact Point at a glance

National Contact Points for Responsible Business Conduct (NCPs for RBC) are agencies established by governments. Their mandate is twofold: to promote the OECD Guidelines for Multinational Enterprises, and the related due diligence guidance, and to handle cases (referred to as "specific instances") as a non-judicial grievance mechanism.

The Colombian NCP was established in 2012, and is assigned to the Ministry of Trade, Industry and Tourism through Decree 1400 of 2012 (Government of Colombia, 2015). This norm establishes a procedure through which any natural or legal person that is affected by breaches of the Guidelines by a multinational company can take a case before the NCP.

The NCP has so far handled five specific instances, related to the mining (2), hotel and tourism, telecommunications and financial services sectors. The Colombia NCP website is available here.

In 2014, the Presidential Advisory Office for Human Rights (PAHR) issued the Human Rights National Strategy for 2014-2034 as a way to provide public institutions with tools for the adoption of a human rights-based approach. The strategy also established expressly the objective "to guarantee that business activities in Colombia are respectful of human rights and contribute to the development of the country, from the various sectoral, territorial and institutional contexts". Within the specific strategy 3.2. "Strengthen and promote non-judicial mechanisms for remediation and conflict resolution", this plan also highlights the importance of adapting and promoting the use of alternative dispute resolution mechanisms applied to the business context, and disseminates the work of the OECD NCP (Government of Colombia, 2014).

In December 2015, Colombia launched its National Action Plan on Business and Human Rights (NAP) with an initial term of 3 years. The NAP was developed following a consultation process (a national forum and three local workshops in selected municipalities) with representatives from public institutions, private companies, and civil society organisations (Government of Colombia, 2015a).

The Government is currently in the process of updating the NAP (see Box 3) for the period 2019-2022.

Table 5. Adherence / ratification of international instruments

Instrument	Ratification or adherence
OECD Guidelines for Multinational Enterprises	Y
9 Core UN Conventions on Human Rights	9/9
UN Convention against Corruption	Y
Fundamental ILO Conventions	8/8
Extractives Industries Transparency Initiative (EITI) Member	Y (Status: Satisfactory progress)
Voluntary Principles on Security and Human Rights	Y

Table 6. Rankings in global indices

Indicator	Country ranking	Number of countries
WEF Global Competitiveness Index	60	140
World Bank Doing Business	65	190
ITUC-CSI Global Rights Index	Rating 5	139
Yale Environmental Performance	42	180
Freedom House Freedom of the Press Index	120	198
RSF World Press Freedom	130	180
Global Slavery Index	113	167
WEF Global Gender Gap Index	40	149
Transparency International Corruption Perception Index	99	180
World Justice Rule of Law Index	80	126

Box 3. National policy and/or legal frameworks enabling RBC

In 2015, Colombia became the first non-European country to adopt a National Action Plan (NAP) on Business and Human Rights. The Colombian NAP was established as a 3-year term public policy instrument (that is, with an initial validity until 2018), whose implementation is led by the Office of the Presidential Advisor for Human Rights and International Relations (Government of Colombia).

This instrument is aligned with the National Human Rights Strategy 2014-2034 and with the Guidelines for a Public Policy on Business and Human Rights, published in 2014, whose main objective is "to guarantee that the State of Colombia adequately protects human rights and that business activities in the country are respectful of human rights and contribute to the sustainable development of the country" (Government of Colombia, 2015b).

In 2018, the Colombian government set up a Technical Working Group -led by the Presidential Advisor for Human Rights - consisting of different entities and organisations such as the Office of the United Nations High Commissioner for Human Rights (OHCHR), the Ombudsman's Office, CSOs and representatives of trade unions and multi-stakeholder initiatives(among others). The group is undertaking the review and update of the first NAP, and discussing its next action lines and prioritised sectors for the period 2019-2022.

The National Development Plan (2018-2022) "*Pacto por Colombia, Pacto por la equidad*" [Pact for Colombia, Pact for Equity], a legal instrument prepared by the President and approved by Parliament outlining political priorities for the four-year period, has been designed to help fulfil commitments towards the 2030 Agenda and its Sustainable Development Goals (SDGs). Among other objectives, Colombia commits to promote the OECD Guidelines for Multinational Enterprises, as well as the OECD Guidance for Responsible Mineral Supply Chains, and reinforce the Colombian National Contact Point.

5. Target Sectors

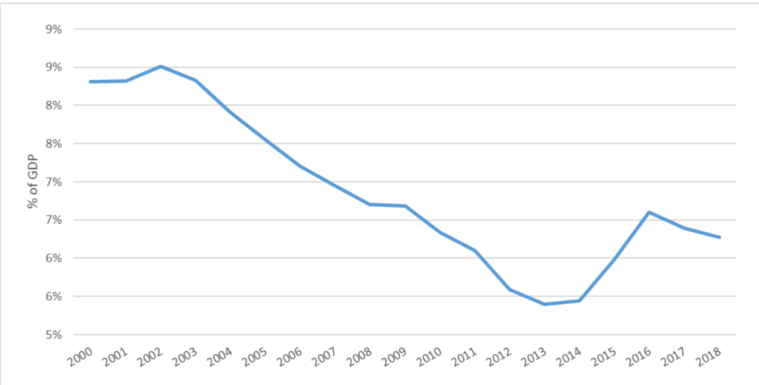
Agriculture

Colombia is a biodiverse country with forests covering more than half of its territory and abundant fresh water resources (OECD, 2014). Moreover, Colombia is the only South American country with access to both the Atlantic and Pacific Oceans. The agriculture sector has historically been of key importance, representing 17% of GDP in 1990, and employing 26% of the population (OECD, 20105). By 2018, the agricultural sector represented 6% of GDP (World Bank, 2019) and employed 16% of the country (DANE, 2019b). This decrease in importance reflects to some extent the evolution in Colombia's economic structure, but also some unresolved policy issues linked to weak infrastructure, unequal access to land, land use conflicts, weak supply chains as well as poor governance between municipal and departmental authorities (OECD, 2015).

According to the national Rural Agricultural Planning Unit (UPRA), Colombia is currently using only about a third of its available agricultural land and has limited investment in technology and innovation for agriculture (CIAT, 2018). Nonetheless, agriculture remains a real source of income for the country, with more than 7bn USD of exports in 2018 (DANE, 2019a).

SMEs represent 90% of employment in the sector, and micro-enterprises account for the largest share, with 86% of jobs (DANE, 2018).

Figure 7. Agriculture, forestry and fishing value added (% GDP)



Source: World Bank Data, Colombia, https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?end=2017&

In 2018 agriculture accounted for 6.5% of total exports, whereas the industrial sector accounted for the 44.3% and the mining sector 48.9% (DANE, 2019a). In value terms, the main exported agricultural products are coffee, representing 5.41% of total exports in 2018, flowers (3.48%), bananas including plantains (2.07%) as well as avocados, pineapples, guavas and other fruits (Ministry of Trade, Industry and Tourism, 2019)

Colombia is highly vulnerable to climate change. The Caribbean and Andes regions are projected to shift from a semi-humid to semi-arid climate over the course of this century. Impacts in the Andes are particularly worrying, as 75% of the Colombian population lives in this region, and runoff water from the mountains is an essential source for domestic and industrial consumption, irrigation and hydropower (OECD, 2014).

Developments in the agricultural sector are also tightly linked to social and political issues. The armed conflict in Colombia led to the displacement of about 7 million people, of which 87% came from the countryside and from a rural background, in addition to a loss of land that represented a source of income and employment. The divide between rural and urban areas has become very stark, with 2.7 million farmers living in the countryside of which almost half live in poverty. The 2016 Peace Agreements represent a major change to the agricultural sector as the presence of guerrillas deterred investment in isolated farms vulnerable to extortion, areas that farmers could now use to develop new sustainable agricultural products (CIAT, 2018).

Extractives/Minerals

In 2018 Colombia's minerals exports accounted for USD 20.481 million (oil 32.94% and coal 17.77%), representing 48.9% of its total exports (DANE, 2019a) and attracting USD 3.941 million in FDI, mostly in oil and gas (Banco Central de Colombia, 2019.

Colombia is the region's third-largest oil producer after Venezuela and Brazil and the country is also a significant oil exporter, ranking as the sixth-largest crude oil exporter to the United States in 2017 (EIA, 2019). Natural gas represents one-fifth of the total energy basket (Mendoza, 2018) with natural gas reserves of nearly 4.02 trillion cubic feet at the end of 2017 (EIA,2019). Coal is also an important product, as Colombia is the fifth's largest exporter (Mining, 2019) with a total value of exports of 87 million tons in 2018 (DANE, 2019).

Tensions over land and natural resources are strong in rural areas where communities report that mining has had impact on their health and on the environment and that economic benefits of the industry have not been redistributed (OECD, 2014). Environmental concerns are also increasingly a problem. In mining areas, high levels of mercury and other hazardous chemicals have been identified (OECD, 2014).

Another negative implication has been the development of an underground and unregulated mining economy mostly focused on gold, emeralds and coltan (columbite-tantalite) that is fueled by organised crime. In the last decade, illegal armed groups and criminal organizations have turned away from drug production and trafficking and have been seeking rents and laundering the proceeds of crime though mining and other extractive activities. Despite the country's efforts to control the trade, about 80 percent of Colombia's gold is being mined without permits or environmental precautions (OECD, 2015). In 2018, the UNODC estimated that 66% of Colombia's gold is mined illegally in National Natural Parks, Indigenous Reserves and Black Community Lands with 47% of the mining done in protected areas (UNODC, 2018).

A number of sectoral initiatives exist to promote RBC in the sector, including:

- **Extractive Industries Transparency Initiative (EITI)**. It was joined by Colombia in 2014, and in 2018 it became the first country in the Americas to meet all the requirements of the EITI Standard. The EITI process provides extensive reporting on social and environmental issues, in order to address key community concerns and to provide more detail on the distribution and use of extractive industry revenues by regional and local authorities. From 2016, EITI-Colombia has included social payments (mandated and voluntary) for the extractive sector and has published three EITI Reports covering revenues from 2013 to 2016. Under EITI, Colombia is also committed to put in place a national framework for disclosing beneficial ownership information. While proposed legislation is stalled, EITI-Colombia has been working to make sure that this information for the extractive sector is available by 2020 (EITI, 2019).
- **Human Rights Policy Framework of the Energy and Mining Sector**. Public policy initiative led by the Ministry of Energy and Mining and the Presidential Advisor of Human Rights; that establishes general guidelines and suggested actions for responsible business practices that respect human rights within the energy and mining sector (Government of Colombia, 2018).

Box 4. Joint programme for responsible mineral supply chains

In 2015, the OECD commissioned a series of baseline assessments of the gold supply chain in Colombia to analyse the risks of serious human rights abuses, conflict financing and financial crimes associated with gold mining and trade, as well as the potential to build responsible gold supply chains (OECD, 2015).

As a follow-up to the report, Colombia and the OECD agreed and started implementing a shared programme of work on responsible mineral supply chains, consisting of three work streams:

- Capacity building on the OECD Due Diligence Guidance for Responsible Mineral Supply Chains for key stakeholders of the Colombian gold supply chain, including private sector representatives, relevant government agencies and civil society organisations.
- Policy advice on upcoming regulatory initiatives to align Colombian mineral exports with international standards and best practices, as well as on strengthening the integrity of traceability systems, such as the Registro Único de Comercializadores de Minerales (RUCOM).
- Cooperation in the development of a mine site monitoring mechanism, to assess risk of serious human rights abuses, conflict financing and other financial crimes, in order to facilitate the due diligence exercise by companies sourcing minerals from Colombia.

Garment and footwear

Colombia is the 3rd largest producer of textile in the region (after Brazil and Peru) and of footwear (after Mexico and Brazil). About 62 percent of textile imports to the country are raw material and transformed within the country (CVN, 2018)

Growth in the sector has been rapid, as between 2004 and 2014 the fashion industry grew at an average annual rate of 4.2%, reaching production of $8.7 billion, behind only Argentina and Brazil in the region (Oxford Business Group, 2015). By 2017, the textile sector in Colombia represented 1.13 percent of national GDP (DANE, 2019) but accounted for more than 21% of employment in the country in 2017 (Jimenez, 2018). The main export partners for textile products are United States, Mexico, Ecuador and Peru (Espinel Gonzalez et al, 2018).

On the production side, there are around 10 thousand production units across few cities in the country, mostly Medellin and Bogotá, followed by Cali, Pereira, Manizales, Barranquilla and Ibagué (Espinel Gonzalez et al, 2018).

The government is providing support for the modernization of the industry, by encouraging the use of 'bonos naranja', as part of the 'Economía Naranja del Plan Nacional de Desarrollo'.[8] These are financial instruments to obtain resources so that businesses can upgrade their activities with a sustainability focus. To date, bonds for COP 450 million have been issued (CVN, 2019).

[8] More information on this can be accessed at: https://www.dnp.gov.co/Paginas/Plan-Nacional-de-Desarrollo-le-apuesta-a-la-econom%C3%ADa-naranja.aspx

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