

Macro Insights

Colombia: A look at the bilateral trade relationship with the U.S.

US - Colombia: Main issues

Bilateral Economic Relationship

- The U.S. is Colombia's main trading partner (29% of exports; 26% imports), supported by a Free Trade Agreement (2012).
- Remittances continue to increase, with slightly more than half coming from the U.S.
- External debt is sizable (~48% of GDP) and domestic policy uncertainty may add to pressure.
- Oil revenues are relevant for the fiscal accounts.

Main risks:

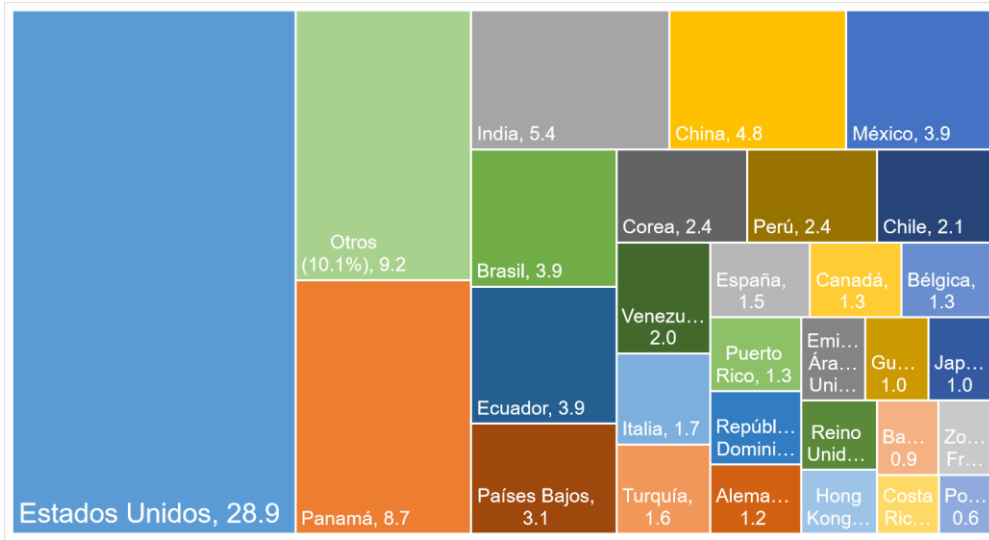
- Deportation of illegal migrants in the U.S. will continue to pose risks.
- USAID support has been frozen, and the flow of humanitarian and counter-narcotics resources could be at risk.
- Trade and financial concerns pose long-term risks to Colombian assets, in case of higher tariffs.

Key data on the relationship with the U.S. & Colombia's external position

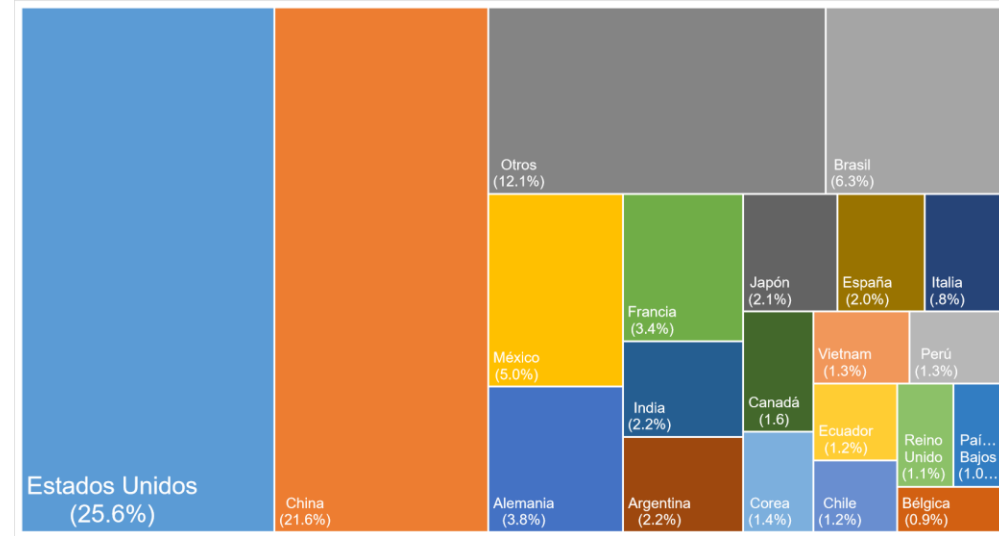
Relationship with U.S.	% of total	
Exports	28.9% to U.S.	Oil, gold, unroasted coffee, and flowers among others
Imports	25.6% to U.S.	Mostly raw materials and intermediate products.
Remittances	54% from U.S.	3% of GDP
External position	Amount	
FDI coverage	138% of the CAD	CAD contained at 2% of GDP
Oil	27% of total exports	1% of government revenues
Local Government Bonds	18% Offshore	
External debt	48% Total debt 25% Public debt	External debt remains elevated.
International Reserves	14% of GDP	Levels appear adequate with IMF metrics.
Sovereign wealth fund	1.2% of GDP	
Flexible Credit Line with the IMF	USD 8.1 billion	Approved for two years in April 2024
Multilateral funding	13% of total debt	

COLOMBIA – Main trading partners and main exports and imports

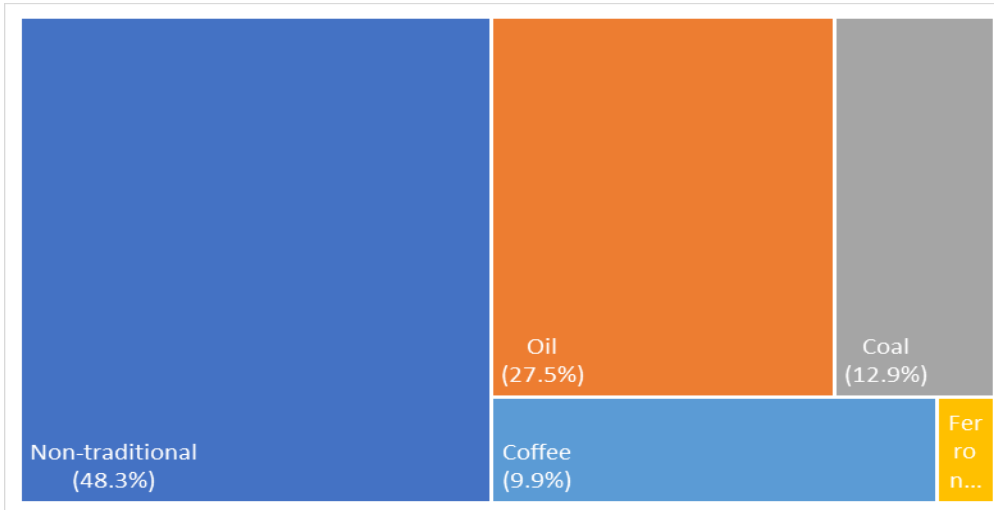
Main destinations of Colombian exports



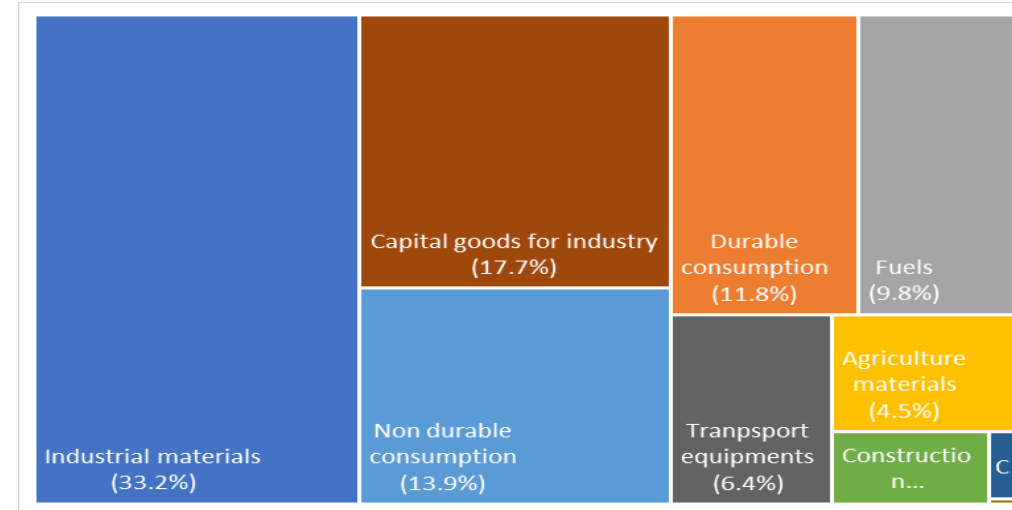
Main trading partners – imports YTD (Oct 2024)



Main exports (Dec 2024)



Main imports (Nov 2024)



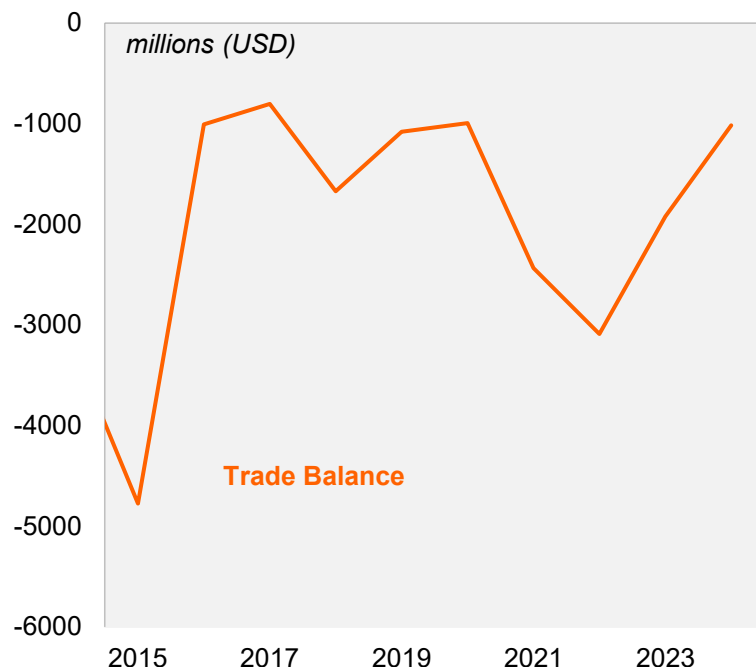
Non-traditional exports: manufacturing, agricultural and mining exports; Traditional exports: Oil, coal, coffee, ferronickel

Source: DANE, Itaú

The U.S. is the main destination of Colombia's exports

The U.S. accounts for roughly 30% of all exports

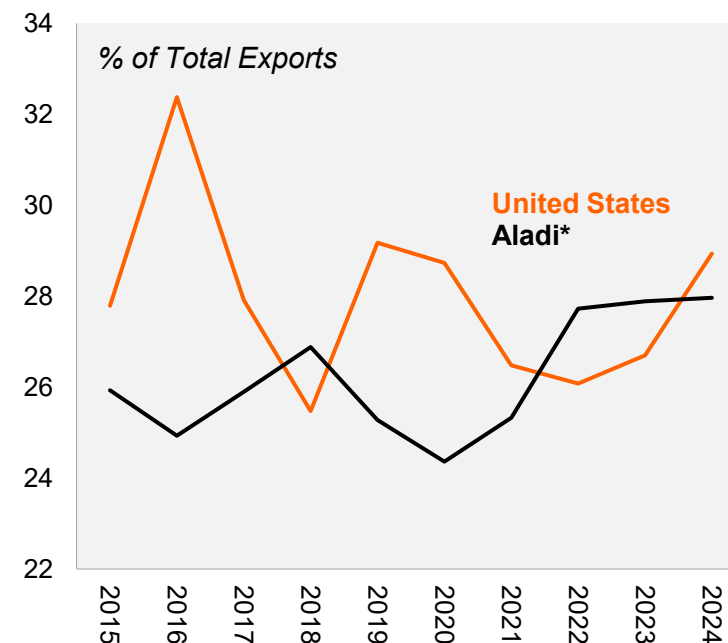
Colombia's trade deficit with the U.S. has gradually narrowed in recent years



Main exported goods COL – U.S. in 2024 were concentrated in agricultural and manufactured goods

2024	YoY (% , nominal)	Exports share
Oil	6.2%	32.7%
Gold	13.3%	10.0%
Coffee	11.4%	8.5%
Flowers	14.6%	7.7%
Doors and windows	-11.2%	4.0%
Gas	16.7%	2.8%
Roses	11.8%	2.3%
Fuel	11.5%	2.1%
Carburetors	-6.6%	1.8%
Plantains	18.9%	1.2%
Avocado	199.3%	0.5%

The share of exports to the U.S. has fluctuated between 25%-30%



Aladi: Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela.

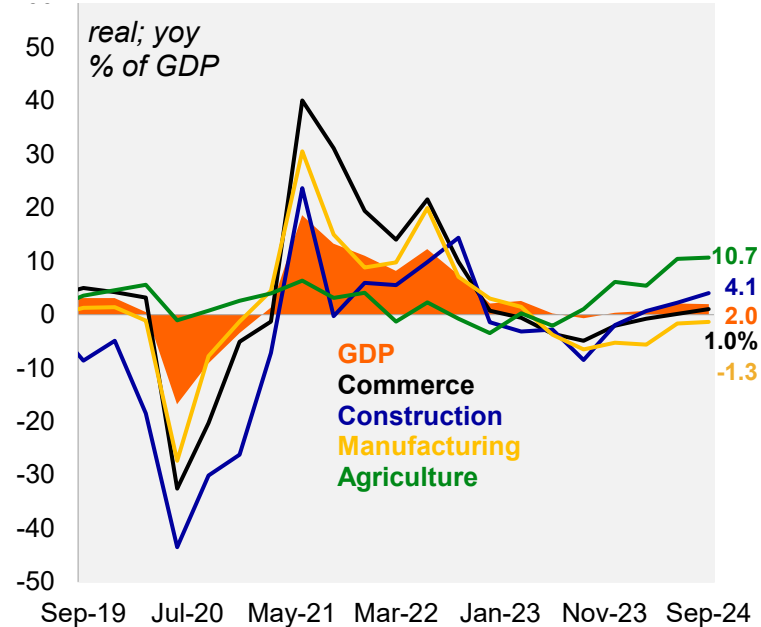
Source: Analdex, DANE, Itaú.

Most tariff-sensitive sectors, agriculture, mining and industry

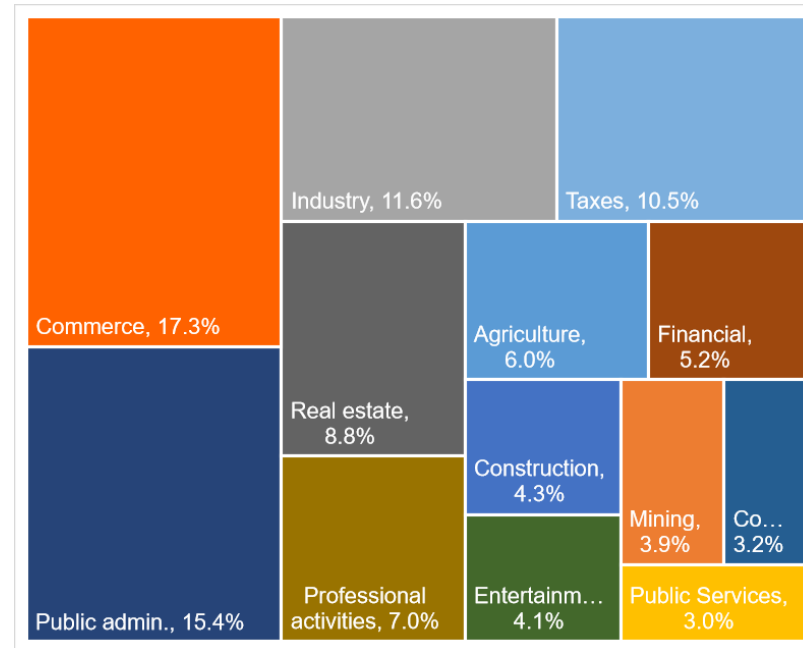
Trade and agricultural employment most sensitive

Possible deterioration of agro-industrial exports could affect activity

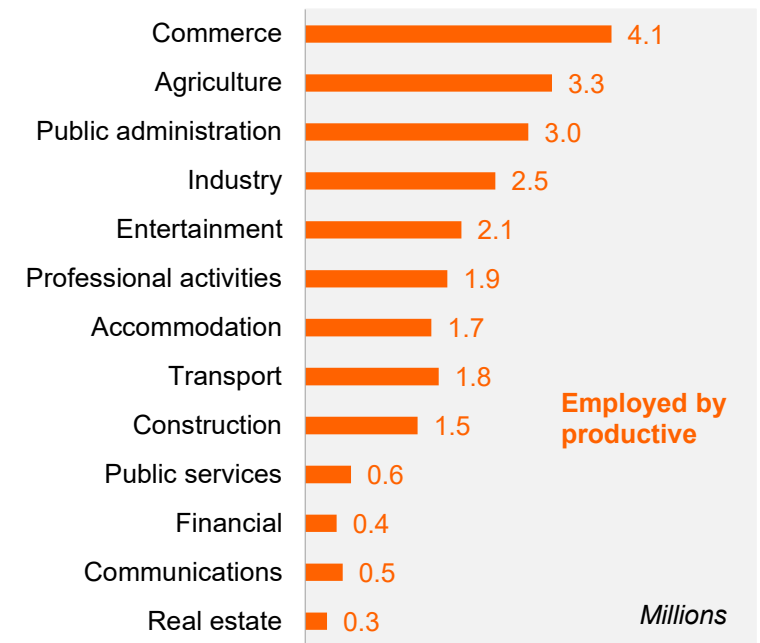
Colombia: GDP Breakdown (% of GDP)



Share across productive sector in 2023



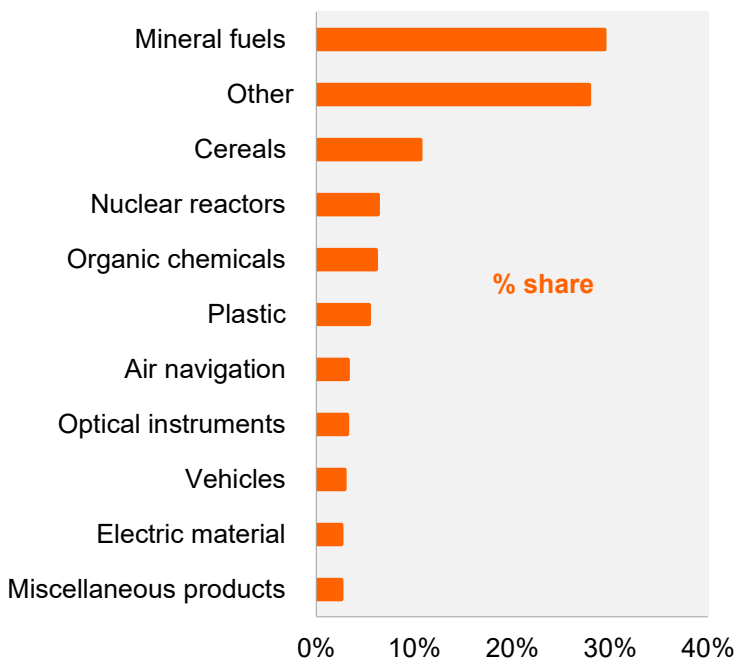
Employment by productive sector



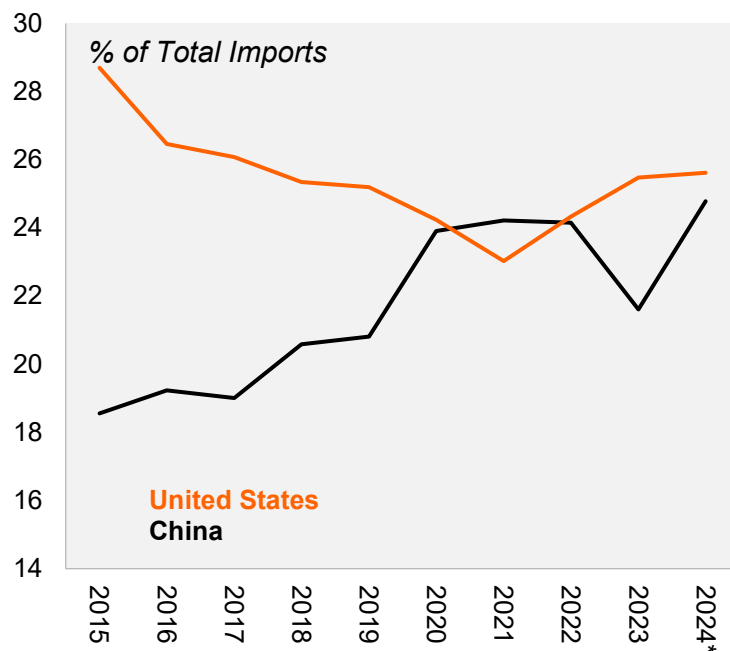
Imports from China have been increasing, while those from the U.S. have remained stable

Imports from China and the U.S. have a similar share

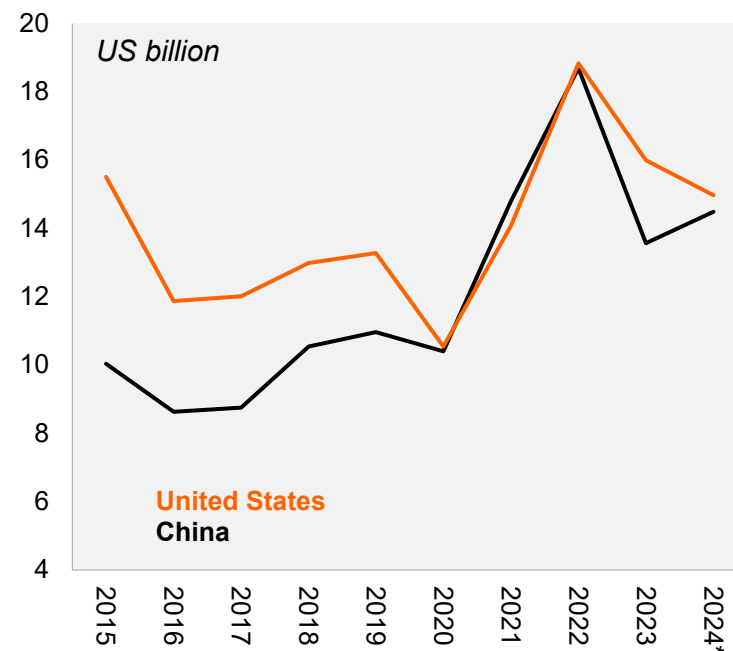
Main imports in 2024 through November



U.S. and China each account for ~26% of imports



Imports from each economy reach ~COP 18 billion on an annual basis.

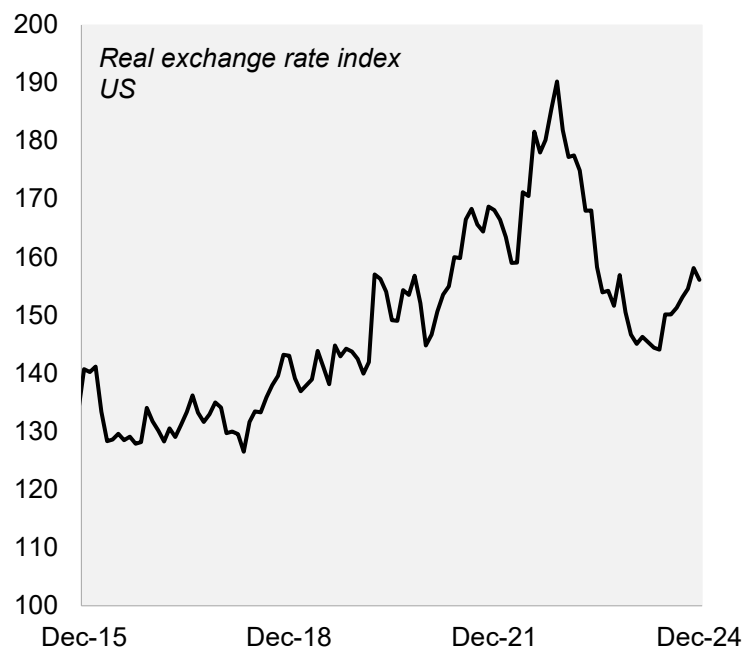


Source: DANE, Itaú.

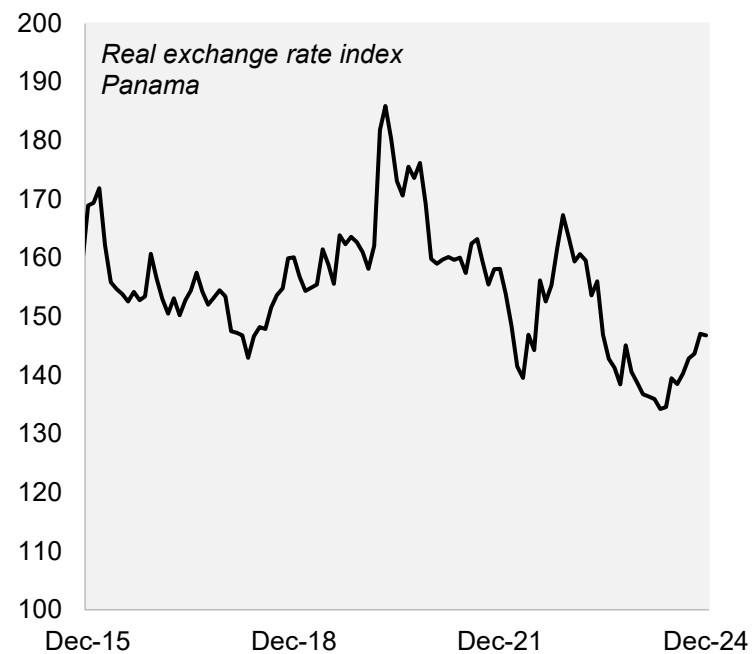


Colombia's bilateral RER appreciated in 2024 with respect to the U.S.

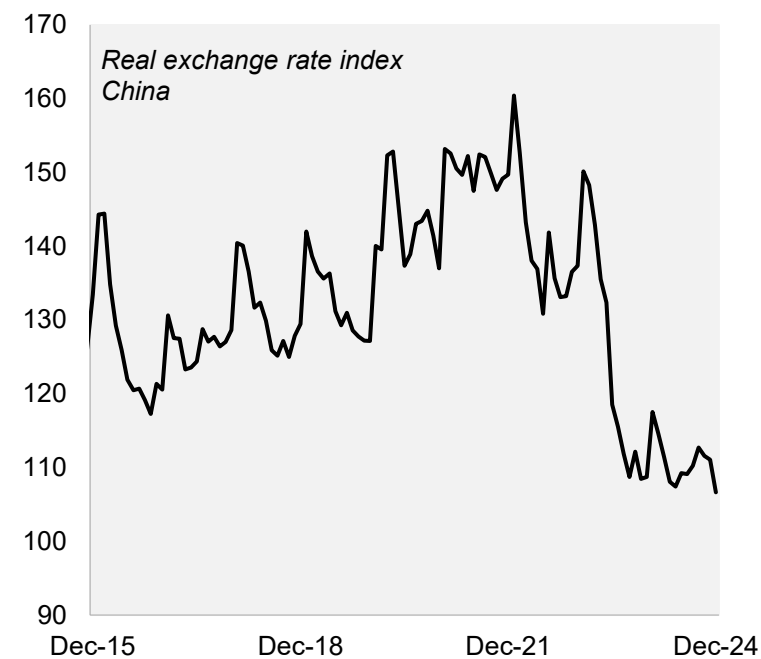
Bilateral RER with the U.S.



Bilateral RER with Panama



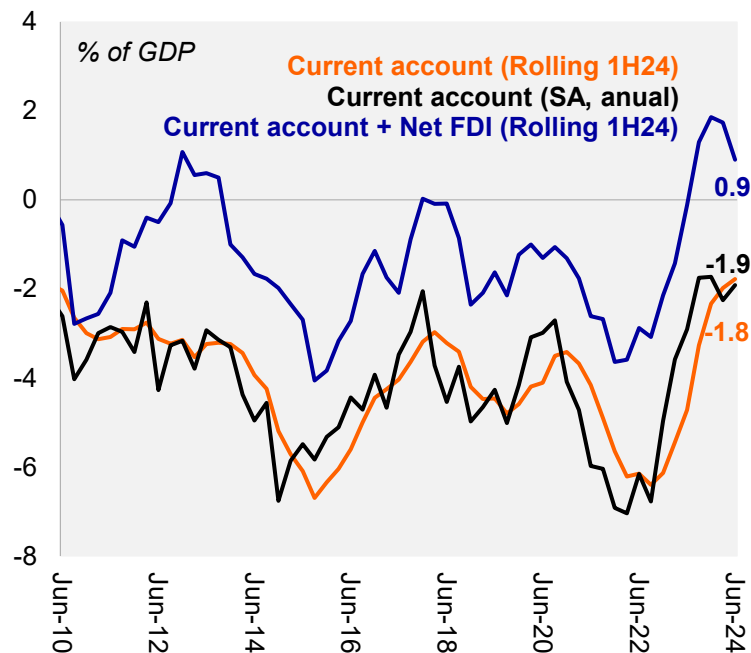
Bilateral RER with China



Significant decline in the current account deficit in 2024

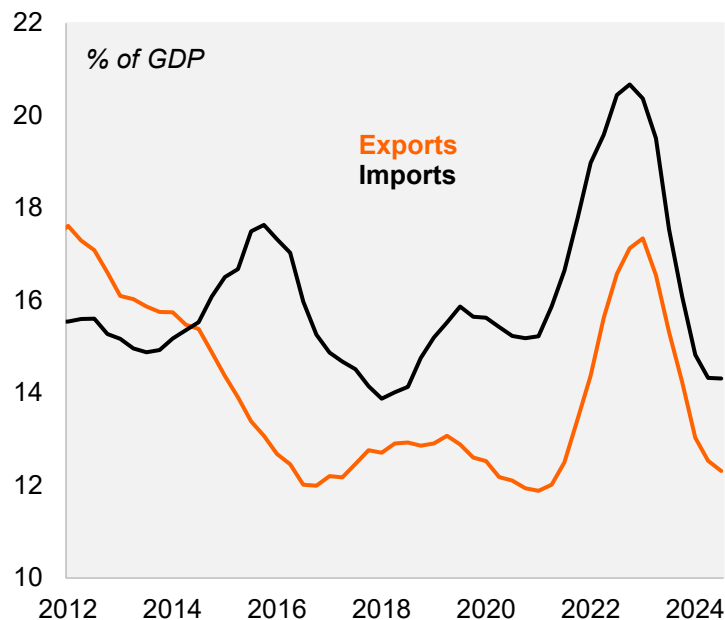
The current account deficit is projected to have narrowed to 2% in 2024

A swift narrowing of the CAD



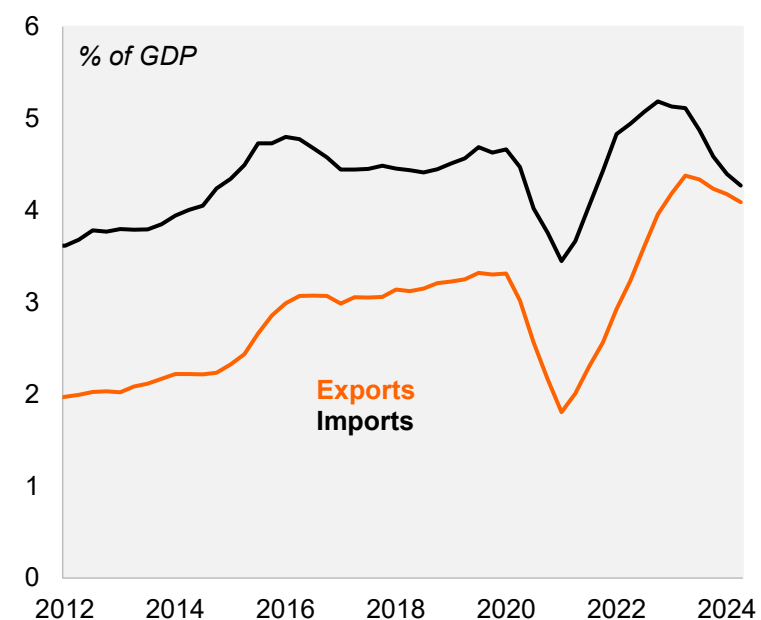
Foreign trade share has normalized

Foreign trade volume



Services exports sit well above pre-pandemic levels

Services volume

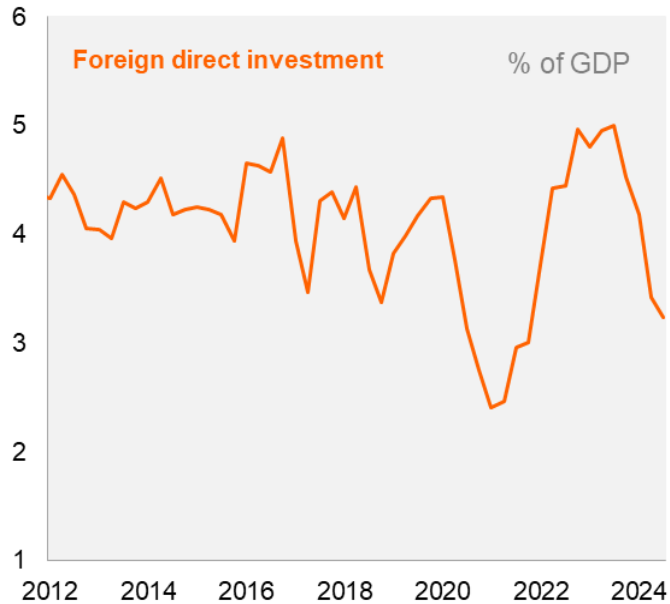


Source: BanRep, Itaú.

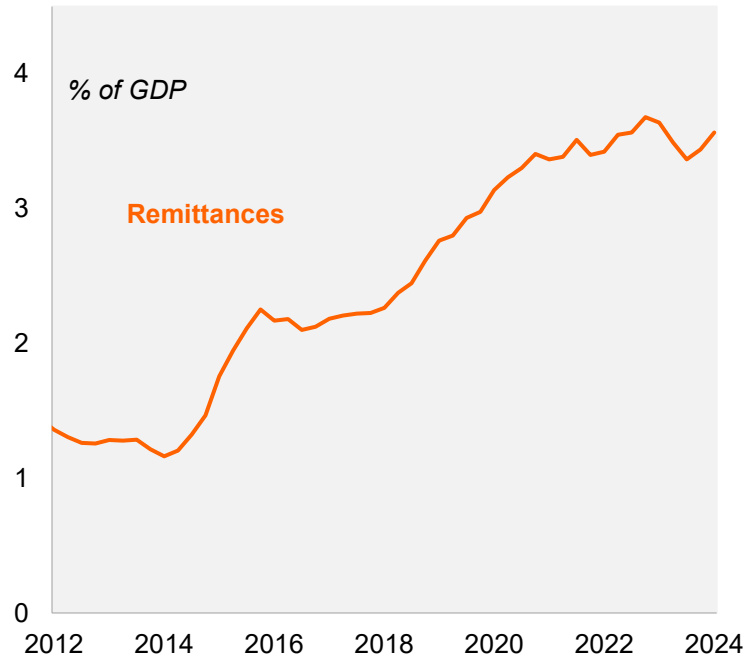
Remittances with a significant share of dollar funding

While FDI has declined, remittances have increased. BanRep's reserves seem at an adequate level

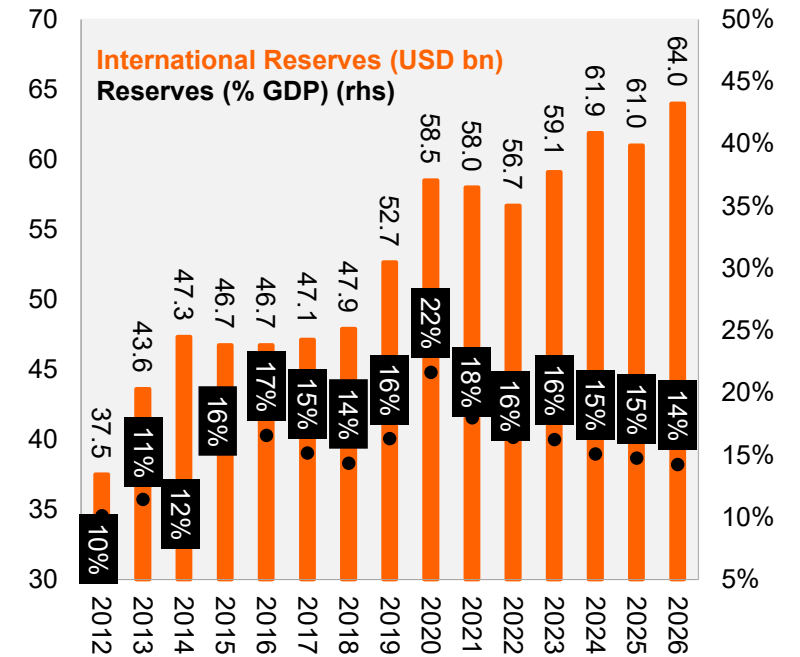
FDI trends down



Remittances gain relevance reaching 3.5% of GDP



BanRep executed 2024 options auctions for reserve accumulation

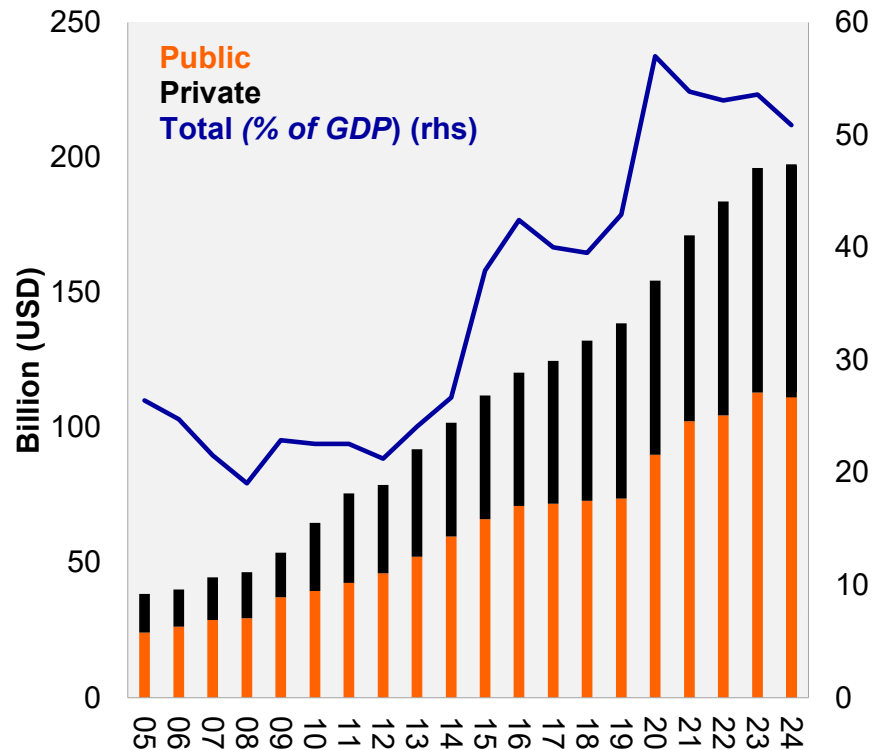


Source: BanRep, Itaú.

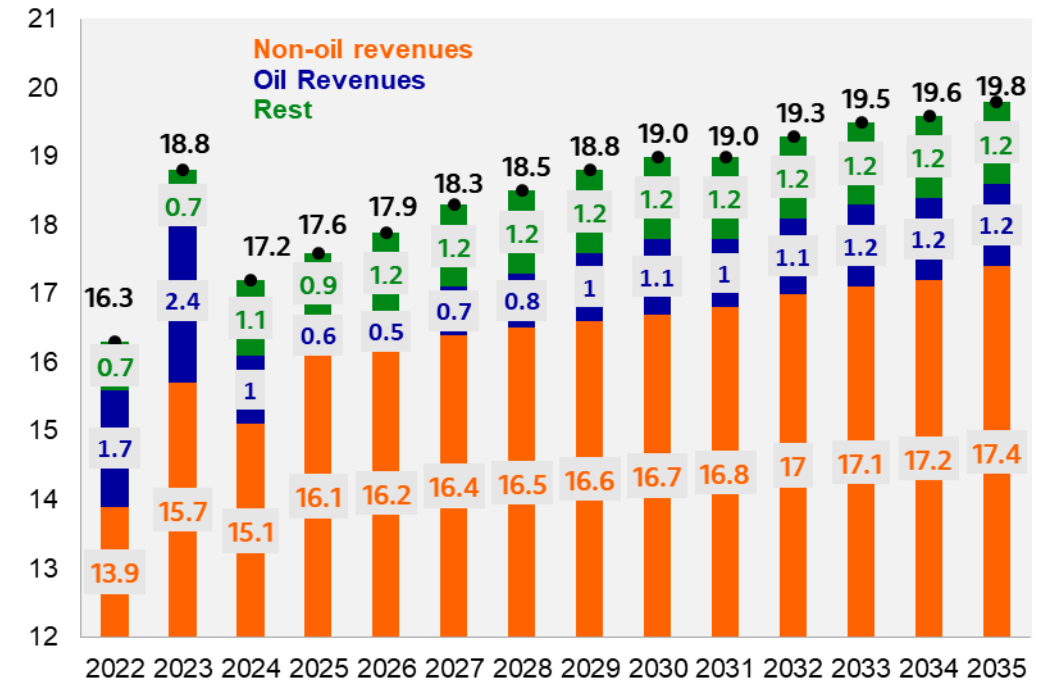
Colombia's external debt is sizable

Oil revenues are a relevant source of income for the fiscal accounts.

External debt stock equals 47.9% of GDP in October 2024 (54% of GDP in 2023).

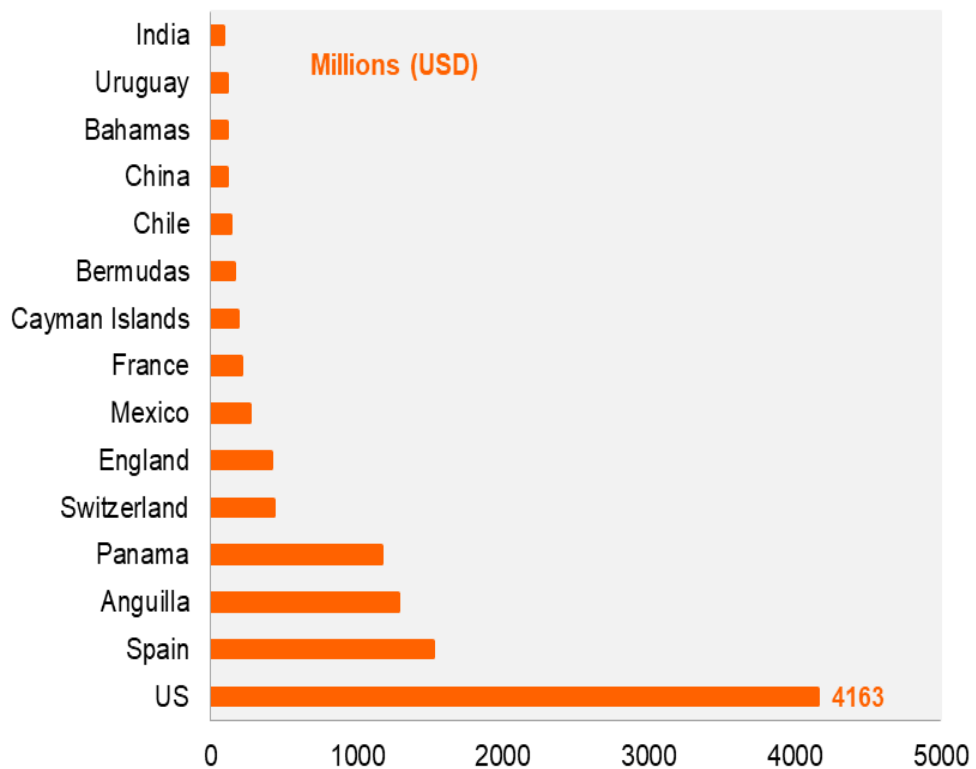


National Central Government revenue is highly dependent on oil revenues

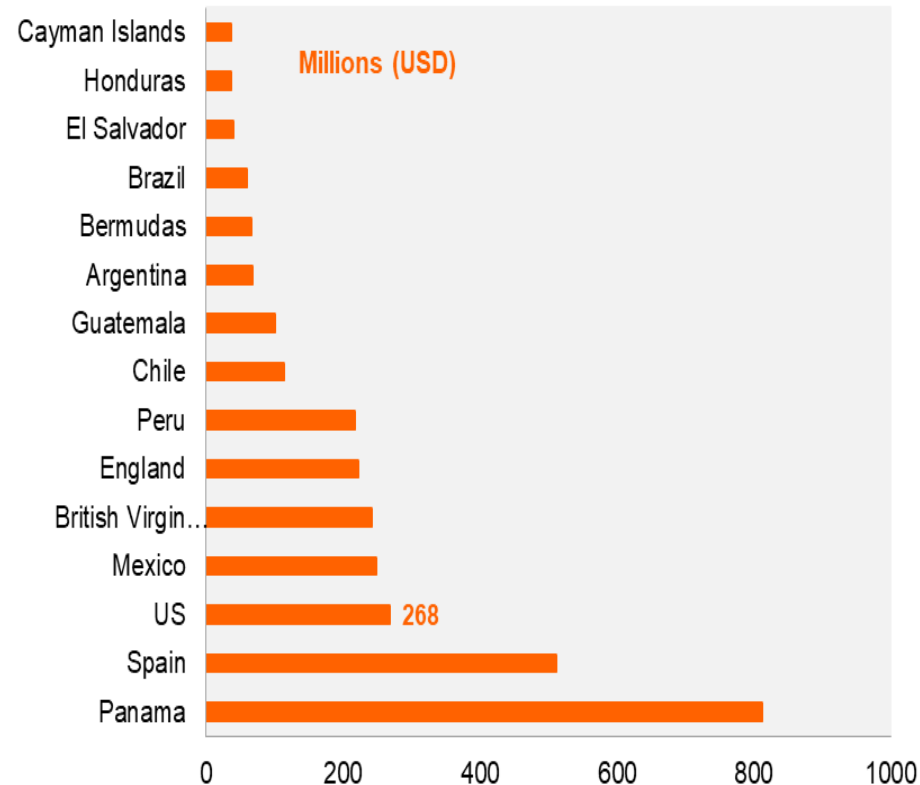


The U.S. is also the largest source of FDI inflows to Colombia.

FDI by country at the end of 3Q24



Direct investment of Colombians abroad at the end 3Q24



The US is focused on managing the presence of illegal migrants and limiting further inflows

	2010		2023	
	Number	Share of Overall unauthorized immigrant population (%)	Number	Share of Overall unauthorized immigrant population (%)
Total	10.521.000	100.0	13.738.000	100.0
Mexico	6.564.000	62.0	5.530.000	40.0
Guatemala	506.000	5.0	1.402.000	10.0
Honduras	338.000	3.0	1.098.000	8.0
El Salvador	592.000	6.0	1.078.000	8.0
Venezuela	37.000	0.0	486.000	4.0
Colombia	116.000	1.0	351.000	3.0
Philippines	189.000	2.0	294.000	2.0
Brazil	137.000	1.0	286.000	2.0
Ecuador	179.000	2.0	225.000	2.0
India	228.000	2.0	199.000	1.0

Source: Migration Policy Institute

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