



# LATAM MARKETS - COLOMBIA

## MARKET OVERVIEW

The Mining sector only represents 2% of the national GDP, it accounts for 20% of the country's exports and foreign direct investments. By the third quarter of 2019, foreign direct investment in mining had increased 17% compared to the previous year, to USD 1,505 million, a figure that already exceeds the annual investment of the last four years. Colombia is the largest producer of emeralds in the world and in Latin America is the first producer of thermal coal, fourth in nickel and fifth in gold.

According to the National Mining Agency only 3.1% of the total area of the country has been designated for mining activities (1.35% in exploration, 0.35% in construction and development and 1.42% in operation) and there is high potential for mineral resource discoveries especially for gold, silver, copper, iron and emeralds – most of which still remain unexplored. As of January 2020, 7,652 mining titles had been granted; 42% for construction materials, 20% for gold and precious metals, 16% for coal, 3% for emeralds and 5% for copper.

According to Fitch Solutions – Colombia Mining Report Q2 2020 – Colombia's mining industry value will increase from an estimate of USD6.8bn in 2019 to USD8.3bn by 2029, averaging 2.0% annual growth. Colombia's gold production is projected to increase by 10.0% and 15.0% per year in 2020 and in 2021, respectively, primarily due to Zijin Mining's Buritica project ramping up production. Colombia's current investment is mainly from Canada, followed by Australia, USA and China, among others. Australia's participation in the sector is highlighted by Cerrejon, South 32, Cerros, FMG and other small juniors present in the market.

## MARKET OPPORTUNITIES

- › **Mining software:** resource estimation, modelling, mine design and planning.
- › **Mineral exploration:** geophysics, mapping, diamond drilling and tunnelling.
- › **Renewable Energy generation**
- › **Innovation and R&D**
- › **Contract Mining and engineering services**
- › **Education and training**
- › **Environmental related products and services:** water treatment, tailing management and software
- › **Mine safety**
- › **Community engagement consulting**
- › **Land rehabilitation and mine closure**

## MAIN CHALLENGES

Since mining is a priority sector for the development and implementation of the peace process in remote areas, the new government has set up a working group in which industry and every relevant government agency to the sector will work together to mitigate tension between local communities and gold miners and address the following challenges:

- › Illegal gold mining promoting criminal activity and environmental damages in the regions.
- › Constitutional court's decision to overturn the government authority to approve mining projects generating weak institutional frameworks and lack of clear mining and environmental policies.
- › Uncertainty on Constitutional court's decision to maintain the prohibition of mining in the Paramo (mountain areas) and ruling on regional communities opposing the development of projects, leading to delays particularly in the gold sector. Australia is supporting Colombia in the development of a sustainable mining by collaborating with industry and academia in the creation of a Centre of Excellence in mining.

## KEY CUSTOMERS

Currently, there are four major development projects and a mine expansion with a total investment of US\$4.5B in Colombia. This will increase the market size and open new opportunities for Australian suppliers in different areas.



- › Buritica - Gold (Continental Gold, recently acquired by Zijin Mining)
- › Soto Norte - Gold (Mubadala Investment Company - Minesa - Gold)
- › Framalote - Gold (B2Gold)
- › Quebradona - Copper (Anglogold Ashanti)
- › Mineros mine expansion - Gold

## START THE CONVERSATION

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