

# Medellin



City of Business and Investment



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2. Human talent.
3. Innovation.
4. Agency of Cooperation and Investment of Medellin and the Metropolitan Area.





## Medellin, city of business and investment

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4. Governance.
5. Life quality.
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9. Tourism.
10. Tax incentives.



# 1. Introduction





## 2. Economic dynamism

- **Medellin and Metropolitan Area's population:** 3.592.063 inhabitants.
- **GDP in 2010:** USD 17,069 million, contributing 8% of Colombia's GDP. The economy of Medellin displayed an average annual growth of 10% from 2000.
- **GDP per capita in 2010:** USD 7.207, higher than Colombia's GDP per capita, which reached the USD 5.038 in 2010.
- **Local business network:** From the Colombia's 100 most important companies, 20 of them have their headquarters in Medellin. The city has more than 66,900 enterprises, and the region has a total of 81,700 companies.



Source: DANE Municipal Populations Projections 2005–2020. Projected calculations by Mayor's Office of Medellin 2011. Colombian Exports. PROEXPORT. Colombian Companies.Portafolio.

## 2. Economic dynamism

- **Exports:** Antioquia has contributed 33% of Colombia's non-traditional exports in 2011. Antioquia's exports growth in terms of value respect to 2010, was 27%.
- **Stock Exchange Market:** Of the total market capitalization of the Stock Exchange of Colombia, excluding ECOPETROL, Medellin participates with a 23,4%, followed by Bogota with a 21,7%.
- **Foreign Direct Investment:** Antioquia is the second destination of foreign direct investment in Colombia, with a participation of 22%, after Bogota (34%). Medellin has more than 145 foreign investors, which 53% belong to the services sector.



Source: Stock Exchange of Colombia Report. April 2012

. Country Profile. Three Pillars Report. PROEXPORT Colombia. January 2011.

## 2. Economic dynamism

- Medellin, one of the best 20 cities to do business in Latin America, according to the ranking Best cities to do business in America Latina – 2011, of the magazine America Economia.

Factors such as economic dynamism, human talent and environmental sustainability, were some of the main categories best qualified by the ranking.

- Medellin is one of the best 15 location to provide business and technology outsourcing services in Latin America, and one of the world's TOP 100 in BPO and ITO services, according to Tholons firm.

1	.us	Miami	11	.uy	Montevideo
2	.br	São Paulo	12	.cr	San Jose
3	.cl	Santiago	13	.mx	Monterrey
4	.mx	Mexico City	14	.br	Curitiba
5	.br	Rio de Janeiro	15	.br	Porto Alegre ←
6	.ar	Buenos Aires	16	.br	Belo Horizonte ←
7	.pa	Panama City	17	.co	Medellin
8	.co	Bogota	18	.pr	San Juan
9	.br	Brasilia	19	.cl	Valparaiso
10	.pe	Lima	20	.br	Campinas

1	.br	São Paulo	6	.br	Rio de Janeiro	11	.mx	Guadalajara
2	.ar	Buenos Aires	7	.mx	Mexico City	12	.co	Bogota
3	.cr	San Jose	8	.mx	Monterrey	13	.co	Medellin
4	.cl	Santiago	9	.br	Brasilia	14	.pe	Lima ←
5	.br	Curitiba	10	.uy	Montevideo	15	.ar	Cordoba

## 2. Economic dynamism

- **Medellin, 10th city in Latin America in the ranking Hot Spots: Benchmarking global cities competitiveness**, made by The Economist Intelligence Unit, commissioned by City Group.

Attributes such as Human Talent, Environment, Institutional Effectiveness, Physical Capital and Economic Strength, were some of the best categories qualified for Medellin.

The Study projects that cities such as Lagos (6,8% of accumulated annual growth), Lima (6,3%), Bogota (5,4%), Medellin (5,4%) and Nairobi (5,2%), will expand their economies and will be among the 40 cities with highest growth in the world between 2012 and 2016.

### TOP Cities in Central and South America

1	Buenos Aires	
2	São Paulo	
3	Santiago	
4	Mexico City	
5	Rio de Janeiro	
6	Panama City	
7	Lima	
8	Bogota	
9	Monterrey	←
10	<b>Medellin</b>	←
11	Belo Horizonte	←
=12	Porto Alegre	←
=12	Guadalajara	



## 2. Economic dynamism

- **Medellin, city of large ‘Multilatinas’ headquarters**, thanks to the grate internationalization process of Medellin’s multinationals, which have become in major global players.
- Medellin hosts large economic groups, including the largest one of Colombia, Antioquia Business Group. Some of these large companies are:










- Argos Group (Cement).
- Nutresa Group (Food).
- EPM Group (Energy).
- ISA Group (Energy).
- Corona Group (Ceramics).
- Suramericana Investments Group (Finance & Insurance).
- Mundial Investments Group (Manufactures).

Source: Unidad del Conocimiento Company.

## 2. Economic dynamism

- **‘Multilatinas’ from Medellin: an epicenter of decision-making with global impact.** Together, these holding companies have presence in over 75 countries and contributed more than 6.4% of Colombia’s GDP in 2010. In terms of number of investments, Medellin contributed more than 47% of Colombia’s FDI abroad. In terms of transactions value, the city contributed with 88% in the country.

Empresa	Adquisiciones en el Exterior 2011	Valor de las Adquisiciones USD Millones
	ING en 5 países de Latinoamérica, Asesuisa en El Salvador	US \$3.714
	Lafarge EEUU, Panamá Cemet Hoding C. Colón, Cementerie Nationale	US \$917
Grupo 	DECA II, Ensa en Panamá y Delsur en El Salvador	US \$805
	Banagrícola	US \$791
	Cteep, Cintra e Intervial en Chile	US \$1.045
	Devoto, Disco, Geant	US \$838
	Fehr Holding y Helados Bon de República Dominicana	US \$83

## 2. Economic dynamism



Enterprises in Medellin – 2010: 1.949.  
Antioquia contributes 24% of the electricity and gas GDP of Colombia.



Enterprises in Medellin – 2010: 7.295.  
Antioquia produces 53% of the textiles of Colombia.



Enterprises in Medellin – 2010: 6.610.  
This sector represents 7,21% of the GDP of Antioquia.



Enterprises in Medellin – 2010: 3.878.  
In 2010, more than 121,057 foreign tourists visited Medellin, displaying a 12,4% increase compared to 2009 figures.



Enterprises in Medellin – 2010: 1.355.  
Social and health care services represent 6% of the GDP of Antioquia.



Enterprises in Medellin – 2010: 2.216.  
In 2009, Medellin represented 32% of sales for the BPO sector in Colombia.

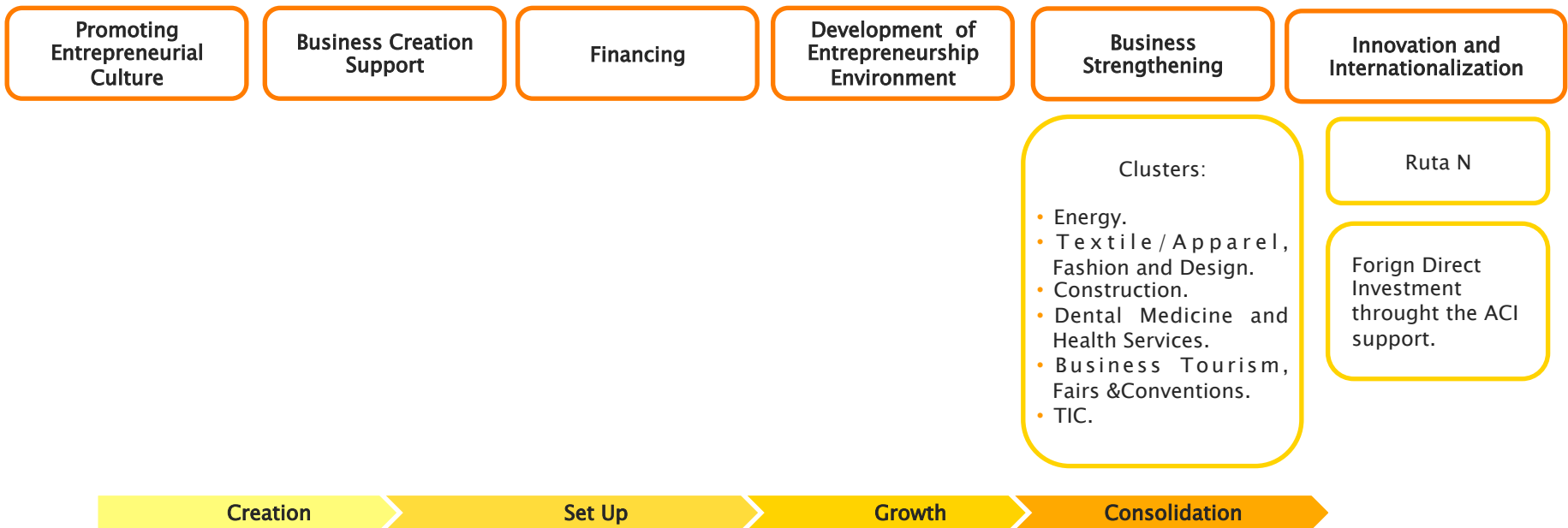


Sources: Medellin in Figures No. 2. Public Politics Observatory of Medellin. 2012. Cluster Community Document No. 5. Developments in the Strategy of Medellin and Antioquia. June



## 2. Economic dynamism

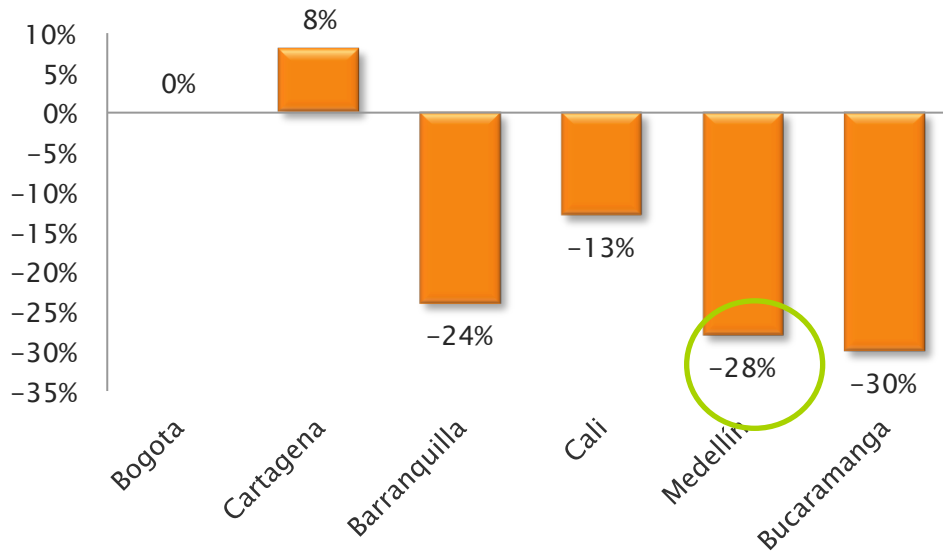
**Entrepreneurship:** Culture E is a program sponsored and funded by the Municipality of Medellin, which seeks to promote an enterprise culture, and the creation and development of new companies based on the innovation capacity of Medellin's entrepreneurs. Since 2008 the program has sponsored the creation of 1,843 new enterprises with 3,025 new employments.



Source: Education for Transformation. Administrative Planning Department. Mayor's Office of Medellin. 2011.

### 3. Cost of living

Based in Bogota with a base rate equal to 0 (cero), among the main cities of Colombia, the cost of living in Medellin is 28% lower than Bogota.



Source: Human Capital. 2011.

## 4. Governance: Transparency, confidence in the public sector

- **First Place in “Fiscal Performance Index – 2010”.** Granted by the National Planning Department, for six years in a row.
- **Second Place in “Integrated Performance Index – 2010”.** Granted by the National Planning Department.
- **Opinion Without Reservations – 2010.** Issued by the Municipal Controller, for six years in a row.
- **‘AAA’ Rating by Fitch Ratings in 2010.** For seven years in a row, relative to Medellín’s sound payment capability and to the City’s issuance of bonds program.
- **Baa3 Rating – 2010 Degree of Investment by Moody’s.** For the third time.



Source: Medellín Imparable. La Transformación Sigue. 2010. Education for Transformation. Administrative Planning Department. Mayor’s Office of Medellín. 2011.



## 4. Governance: Transparency, confidence in the public sector

**Alliance Medellin - Antioquia - AMA:** Alliance between the Administration of the Antioquia Department and Medellin, which seeks to articulate and coordinate the efforts and projects of the city and the region, in order to take advantage of the potential and the deficiencies of each territory and their different institutions.

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### Alliance Work Fronts

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Transparency in the management of public finances

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Equity for the improvement of the life conditions

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Security and coexistence

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Infrastructure for the competitiveness

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Cooperation, investment and internationalization

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Sustainability

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Risk management and reconstruction

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Human talent

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## 5. Quality of life

**Most Competitive City with Best Quality of Life of Colombia 2009–2010:** Based on the competitiveness scale set by the Private Council of Competitiveness. Medellin stood out in the aspects:

- ✓ Public utilities.
- ✓ Social and economic setting.
- ✓ Education and health.
- ✓ Recreation, culture & sports.

City	Position
Medellin	1
Bogota	2
Manizales	3
Bucaramanga	4
Cali	5
Pereira	6
Barranquilla	7
Cartagena	8
Cucuta	9
Neiva	10



Source: Education for Transformation. Administrative Planning Department. Mayor's Office of Medellín. 2011. National Competitiveness Report. 2009–2010.

## 6. Telecommunications

- **UNE Telecomunicaciones:** It is the country's largest broadband provider, the second largest television provider, and the third largest telephone services provider. It is headquartered in the city. It is the only company that offers IPTV services in Colombia and the first company in the country providing 4G technology. Its services are:
  - ✓ Voice.
  - ✓ Connectivity: Internet.
  - ✓ Professional Services.
  - ✓ Data Center.
  - ✓ ASP.
  - ✓ Entertainment.

These services are supported with several network and access technologies, in which UNE has always been at the forefront, such as TDM, HFC, FR/ATM, FO, ADSL, Wi-Fi, and WiMAX.





## 6. Telecommunications

- **Medellin Digital:** Is a program committed to promote and facilitate the appropriation of information and communication technologies through: Connectivity, Technology Appropriation, Content and Public Communication.
- Medellin Digital is a program led by the Municipality of Medellin, with strong support from the Ministry of Communications and UNE Telecommunications.
- **Awards:** Medellin received two awards on the Twelfth Meeting of Digital Cities in Bilbao – 2011, Spain, for its digitization city strategy. In the Special category of Health and ICT, the city was noted for the work done by Metrosalud, in terms of information management and institutional communication. The prizes were awarded by the Organization of American States and the Group Enciclo.



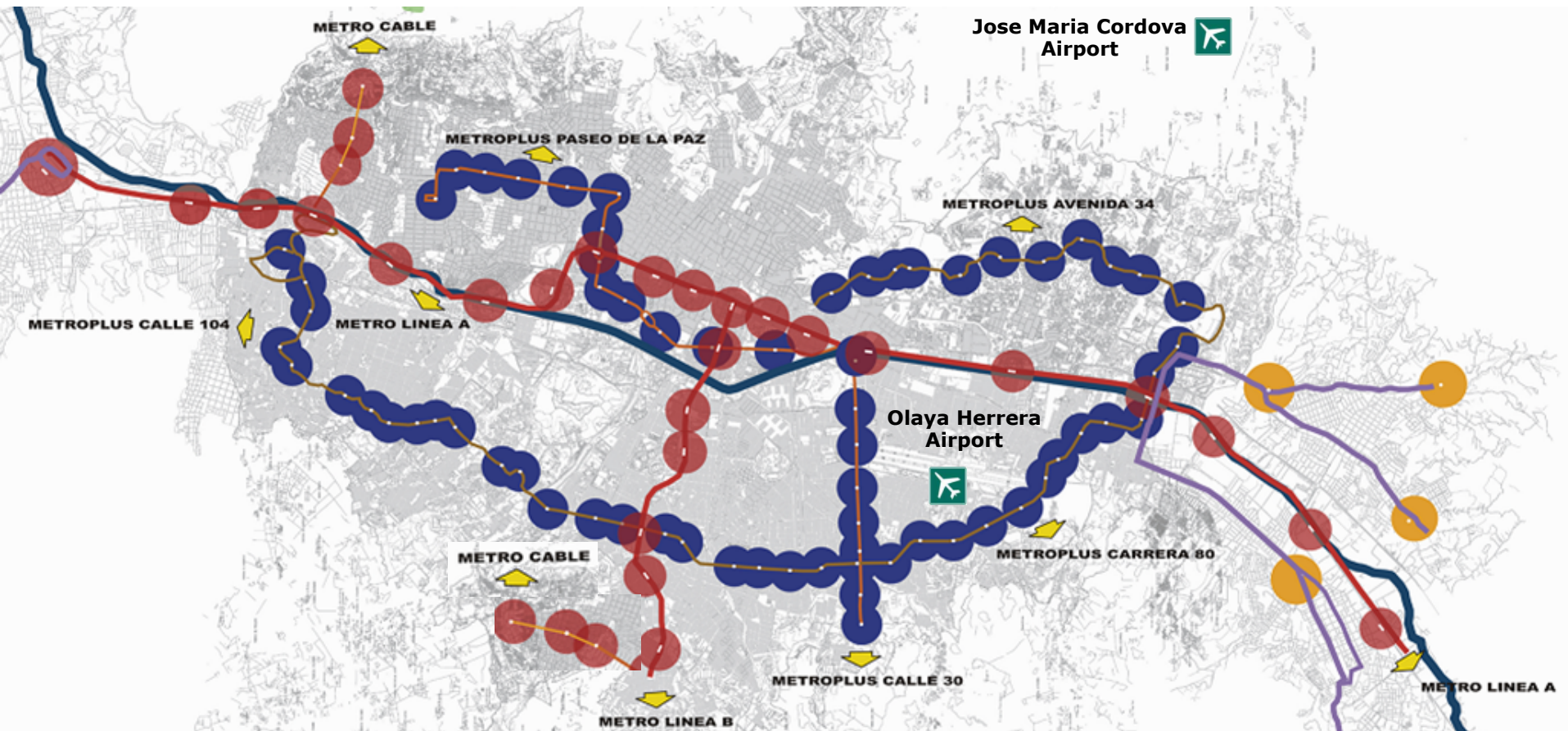
## 7. Mobility

- **Average travel time within the city:** 25 minutes.
- **Mass Transport Integrated System of Aburra Valley:** Transport integrated system conformed by the Metro, Metrocable, Metroplus, and soon by the Tram. The users can make transfer between systems without paying any additional value.
- **Metro:** The Line A has 23.2 km, crosses the city from north to south, the Line B has 5.6 km, and crosses the city from the center to the west. The Metrocable Line K has 2 km in the north-east, and the Line J, 2.9 km in the west.
- **Metroplus:** Feeder buses routes for the Metro, Metrocable, and soon the Tram system.
- **Tram:** It will count on 4.3 km, and it will connect the center of Medellin with the north-east zone.



## 7. Mobility

- Mass Transport Integrated System of Aburra Valley:

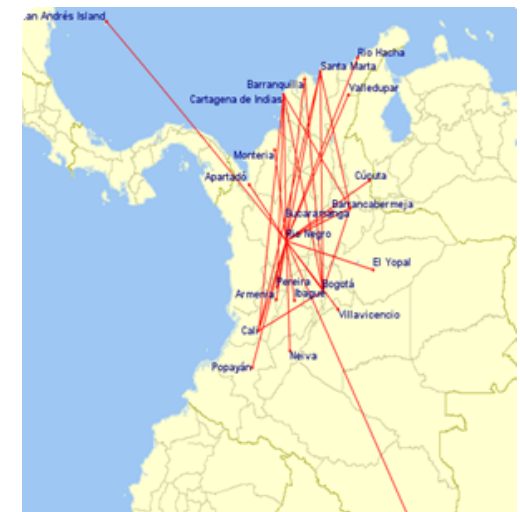




## 8. Physical connectivity

10 International Routes from Medellin

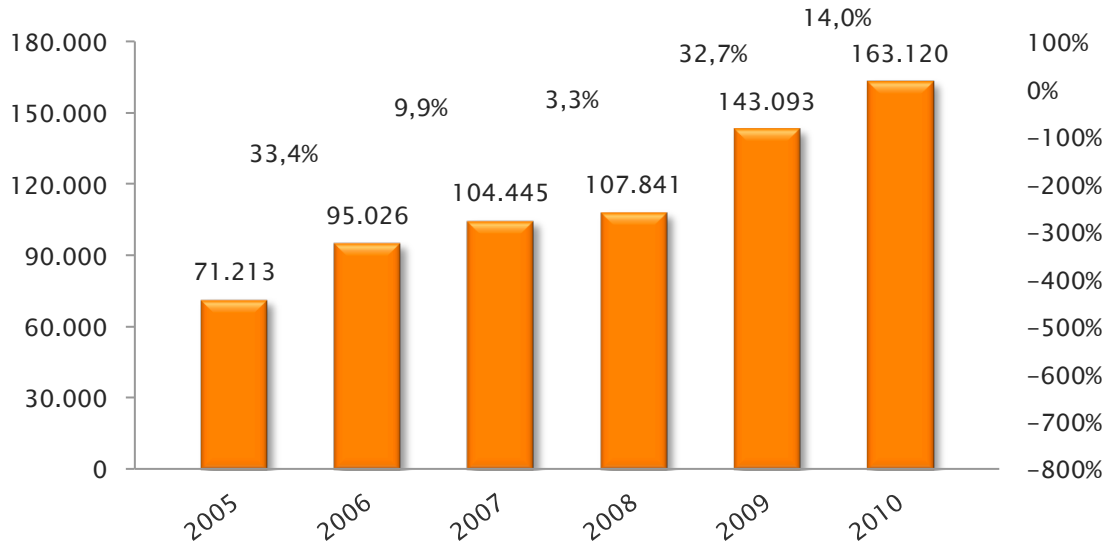
Destination	Duration	Frequency of Flights
Miami	3h:25min	2 daily flights.
Panama	1 h:20min	9 flights per week.
Caracas	1 h:59min	4 flights per week.
Lima	4h:30min	Through Quito.
Quito	1 h:35min	2 daily flights.
Fort Lauderdale	3h:25min	1 daily flight.
San Jose	1 h:55min	4 flights per week.
Madrid	9h:50min	2 flights per week.
Curazao	1 h:30min	2 daily flights.
New York	5h:15min	3 flights per week.



**VivaColombia Airline:** In the first quarter of 2012, the first low cost airline in the country, VivaColombia, will start operations from the Jose Maria Cordova airport. The airline will count with 32 different national routes. 20 of them will have their origin in Medellin.

# 9. Tourism

Foreing Travelers in Medellin 2005–2011



City of Destiny that Reported the Foreign Travelers in Colombia

No.	City	2007	2008	2009	2010	% Part. 2010	% Var. 2010/2009
1	Bogota	616.772	627.056	692.826	754.960	51,2%	9,0%
2	Cartagena	133.172	141.367	155.264	169.100	11,5%	8,9%
3	Medellin	104.445	107.841	143.093	163.120	11,1%	14,0%
4	Cali	102.296	99.149	98.060	113.146	7,7%	15,4%
5	B/quilla	48.882	48.020	50.872	52.647	3,6%	3,5%



Fuente: Perfil Antioquia. Informe Tres Ejes. Proexport Colombia. Enero de 2011.

## 9. Tourism

**Business Tourism:** Medellin counts on 100 Hotels, 5,117 rooms and 7.628 beds, of which 70% are in higher format, that is, 4 and 5-star hotels. Some of the main international events made in Medellin are:

- 2008 – OAS Assembly: 600 international visitors.
- 2009 – IDB Assembly: 4,706 international visitors.
- 2010 – IX South American Games: 3,000 foreign visitors.
- 2010 – VII Iberia–American Biennial of Architecture and Urbanism: 1,000 foreign visitors.
- 2010 – III Iberia–American Congress of Culture: 600 international visitors.
- 2010 – XI Iberia–American Meeting of Digital Cities: 900 foreign visitors.
- Future Events: XIX Ibero–Latinamerican Plastic Surgery Congress 2012 FILACP; Assembly of the American Federation of Banks FELABAN 2014.





## 9. Tourism

Squares – Parks – Heritage – Museums – Theaters – Libraries – Close Villages



Click on each photo for more information about each place.

## 10. Tax incentives

### Income tax for new enterprises – National tax incentive:

- Income tax gradual payment benefit for small enterprises launching their main economic activity from December 29, 2010.
- 0% payment of the overall income tax amount during the first two years, 25% paid in the third year, 50% in the fourth year, 75% in the fifth year, and 100% as of the sixth year.
- Small enterprises are those with less than 50 workers and less than 5,000 minimum monthly legal wages in assets.

### Employment formalization and creation – National tax incentive:

- Discounts of income tax and complementary parafiscal payroll contributions for: Hiring new employees younger than twenty-eight (28), new employees certified as displaced, reintegrated or disabled, new female employees older than 40 years old which have not worked for 1 year, or new employees earning less than 1.5 minimum monthly legal wages.

## 10. Tax incentives

Exempted Income – National tax incentive:

- **Tourism:** For 30 years, for those that build, remodel or expand hotels before the year 2018.
- **Eco-tourism:** For 20 years.
- **Late Yield Crops:** For 10 years, as of the initiation of the production of crops planted between 2003 and 2013.
- **New Medical and Software Products:** Manufactured in Colombia and with a high content of scientific and technological research, for 10 years as of the year 2003.
- **Alternative Energy:** For 15 years, for the sale of electric energy based on wind, biomass or agricultural residues.
- **Editorial:** Until the year 2013, for editing scientific or cultural books, magazines, brochures or collections.





## 10. Tax incentives

### Property Tax – Local tax incentive:

- Exemption to pay the Property Tax, to encourage the innovation of enterprises engaged in Clusters.

### Industry & Trade Tax – Local tax incentive:

- Exemption to pay the Industry & Trade Tax, to encourage the innovation of enterprises engaged in Clusters.

### Encouraging tax payers to hire persons with disabilities – Local tax incentive:

- Payers of the Industry and Trade Tax that hire disabled persons in the Municipality of Medellin may discount from their private statements two hundred per cent (200%) of the amount paid to disabled persons.



## Human Talent

1. Schools.
2. Libraries.
3. Higher Education Institutions.
4. Graduates figures.



# 1. Schools



Source: Education Sub-secretary. Medellín Municipality. 2011. Bilingualism Report. ACI. 2011.

## Number of Schools in Medellín – 2011

Private Schools	436
Public Schools	499

- From 2007 to 2011, 40% of the municipal budget has been assigned to education.
- Medellín counts on more than 21 Bilingual Schools or with an important English language teaching.
- Between 2009 and 2010, more than 2,349 students have graduated from high school with high proficiency in English.



## 2. Libraries



Click in the Logo for more information about the Libraries Network .

- **Public Libraries System of Medellin:** Is conformed by 27 information units, among Libraries and Documentation Centers. This project seeks to ensure free access and a higher coverage to information, reading and knowledge.
- **Libraries Network:** Is a set of interconnected Libraries that share resources in order to improve the educational and cultural communities they serve. Libraries use a telecommunications network to achieve interconnection and allow users to have an unified view of available resources.
- **Wining Web Site of the Colombia Online Award – 2011, as the best website in the research category.** The Web Site of the Libraries Network of Medellin and the Metropolitan Area received the On-line Government Award, the Research Category, contest convened by the Colombian Chamber of Informatics and Telecommunications (CCIT), On-line Government and the Editorial House EL TIEMPO.



Red de Bibliotecas  
MEDIELIN 2000 METROPOLITANA

### 3. Higher Education Institutions



Source: Labor Observatory for Education. Ministry of National Education. 2010. Bilingualism Report. ACI. 2011.

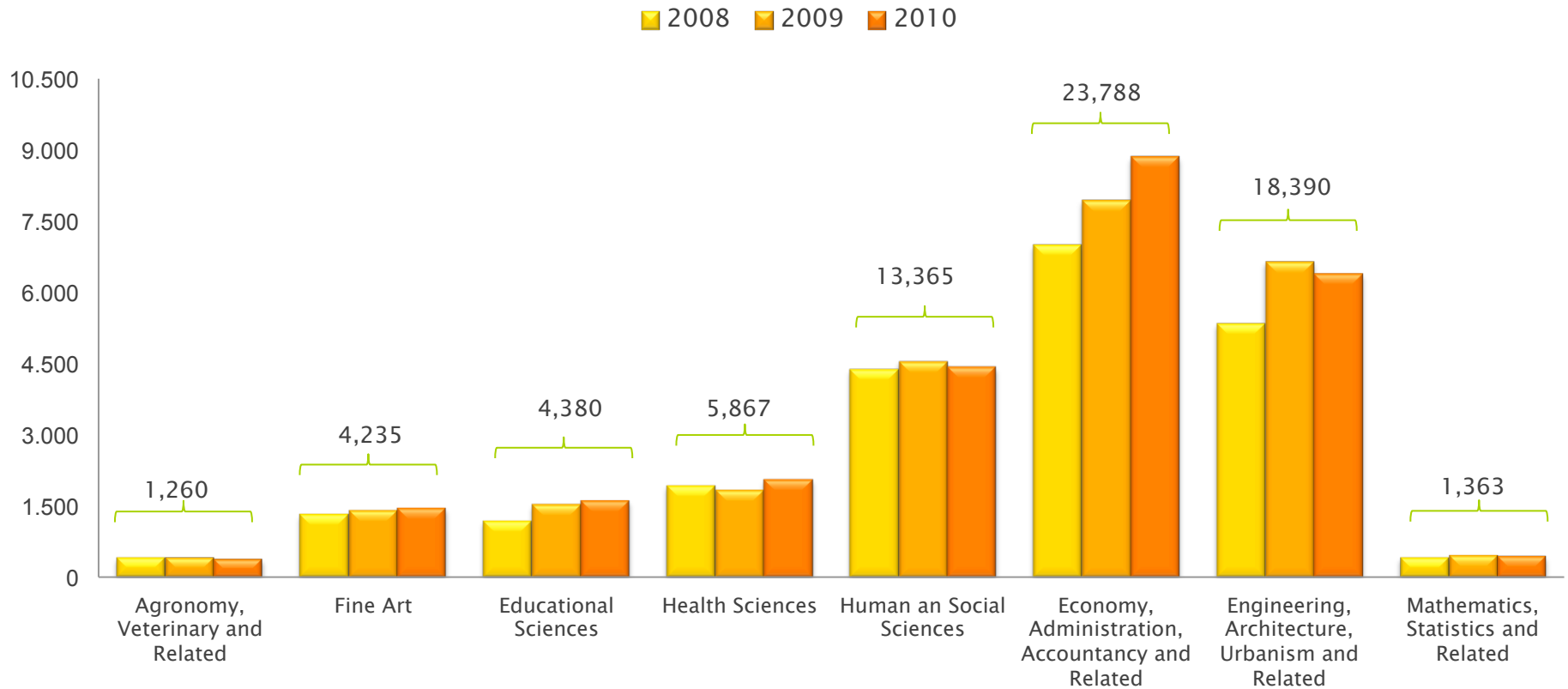
Higher Education Institutions in Medellin – 2011	
Universities	20
Technical and Technologic Institutions	34

- Medellin counts on 54 Higher Education Institutions. About 82% Higher Education Institutions in Medellin request proficiency in the English language to graduate their students.
- About 54% Higher Education Institutions, as a graduation requirement, asked their students, to achieve an English proficiency level from B1 to C1.
- **Medellin, University City** – Integral training for professionals: The quality of training of Higher Education Institutions of Medellin, makes the city in an excelente educational destiny for future professionals.



## 4. Graduates figures

Total Number of Graduates by Knowledge Area (2008–2010)

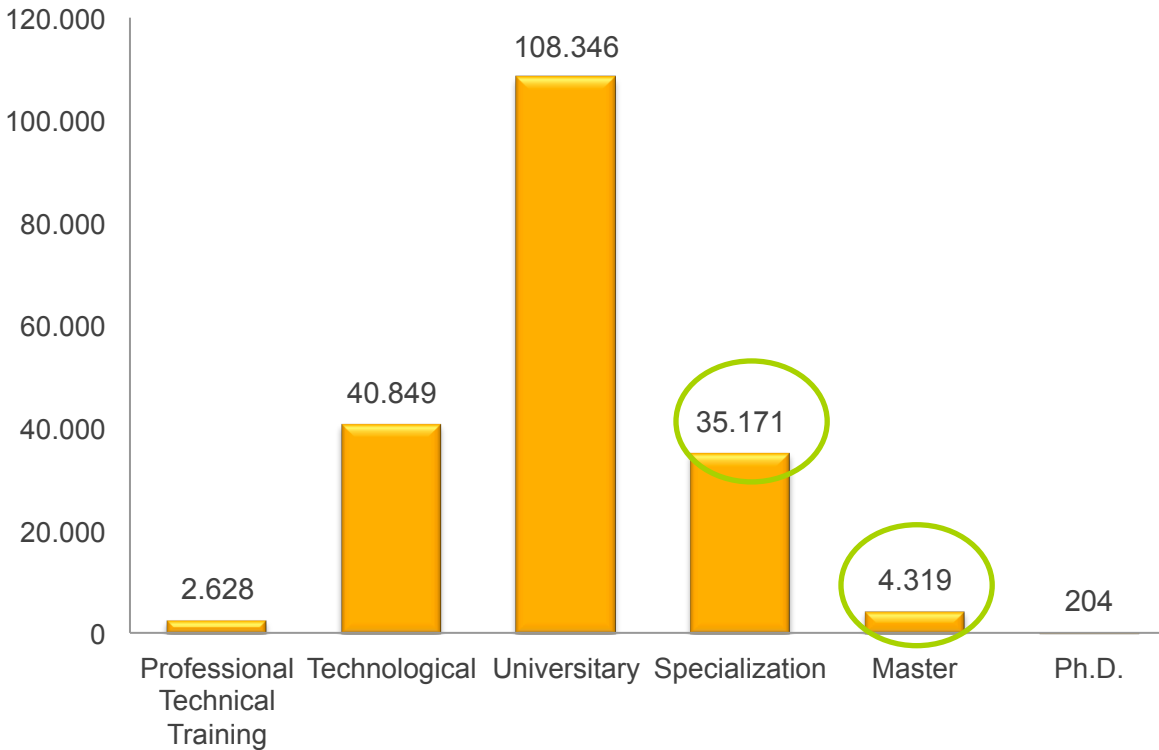


During the last three years, Medellín has had more than 23.000 graduates in Economy, Administration, Accountancy and related; and more than 18.000 Engineering, Architecture, Urbanism and related.

Source: Labor Observatory for Education. Ministry of National Education. 2010.

## 4. Graduates figures

Total Number of Graduates by Training Level (2001–2010)



During the last nine years, Medellín has had more than 4.000 graduates in Masters in different areas and more than 35.000 in Specializations.



Source: Labor Observatory for Education. Ministry of National Education. 2010.





## Innovation

1. Science, Technology and Innovation Plan of Medellín.
2. Innovation Politic System.
3. Education and Research.
4. Intermediaries and Knowledge Articulators.



# 1. Science, Technology and Innovation Plan of Medellin

The STI Plan in Medellin has been leading by Ruta N and represents a coordinated and integrated system that meets the demand for the City's robust economic development, sustainable environment and social coherence, engaging different public and private players committed to Medellin's innovation system.

1 – Link projects of the STI Plan between the academic and private sector.

2 – Strengthen the STI Plan projects through investigation centers.

3 – Promote the creation and development of enterprises of technological base.

4 – Promote the training, specialization and update of the human recourses with programs of high level.

5 – Promote the scientific and technological information diffusion.

← Focused on the three priority lines of the STI Plan  
Health, Energy and TICs →

## 2. Ruta N

Ruta N is the Innovation and Business Center of the Mayor's Office of Medellin that boosts **new knowledge-based businesses with international participants**. Ruta N is devoted to exchange with the world knowledge, capital, human talent, services and products to turn Medellin and the region into highly competitive players and to create welfare in society.



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### Knowledge Business of Ruta N

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N Ruta

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NERI

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NLAB

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INGENIO

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Digital Entertainment

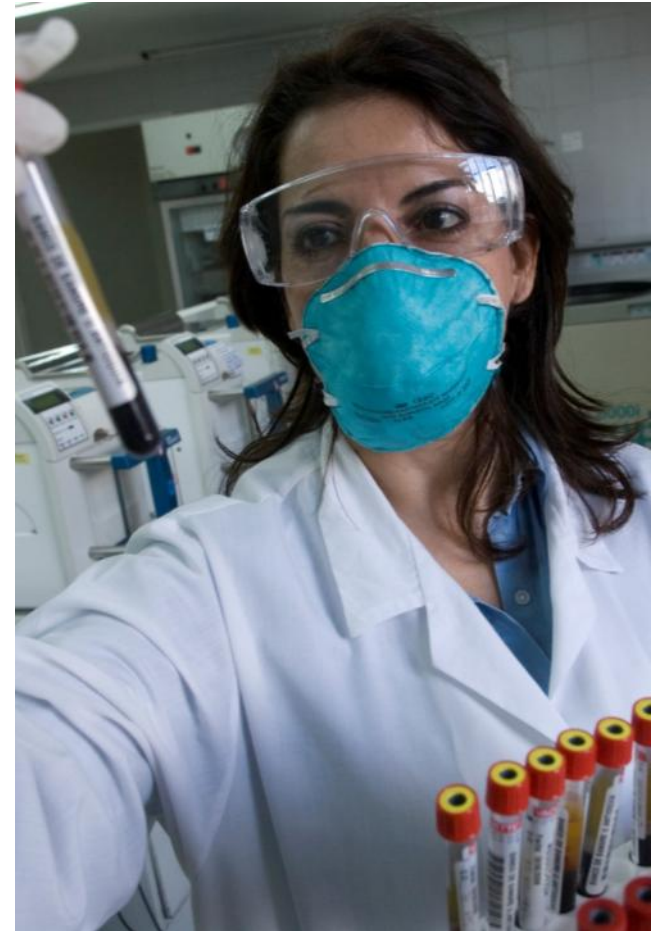
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### 3. Education and Research

**Research projects approved by Colciencias:** Colciencias is the Administrative Department of Science, Technology and Innovation. It promotes public policies to encourage science, new technology and innovation.

Colciencias' support is provided for all cities in Colombia, and the Science, Technology and Innovation System Plan capabilities are offered for the whole Country. Some education and research figures in Antioquia are:

- Antioquia, is the second largest department with research groups certified by Colciencias (Administrative department of Science, Technology and Innovation), until 2010 Antioquia has 519 research groups.
- Of a total of 1,407 projects approved by Colciencias in the year 2009, 407 (36%) were approved for Antioquia.





## 4. Intermediaries and Knowledge Articulators

**Corporación Tecnova UEE:** Institution founded by universities and entrepreneurs to support the applied research, the technological development and the innovation in Colombia. The institution works in the following fronts:

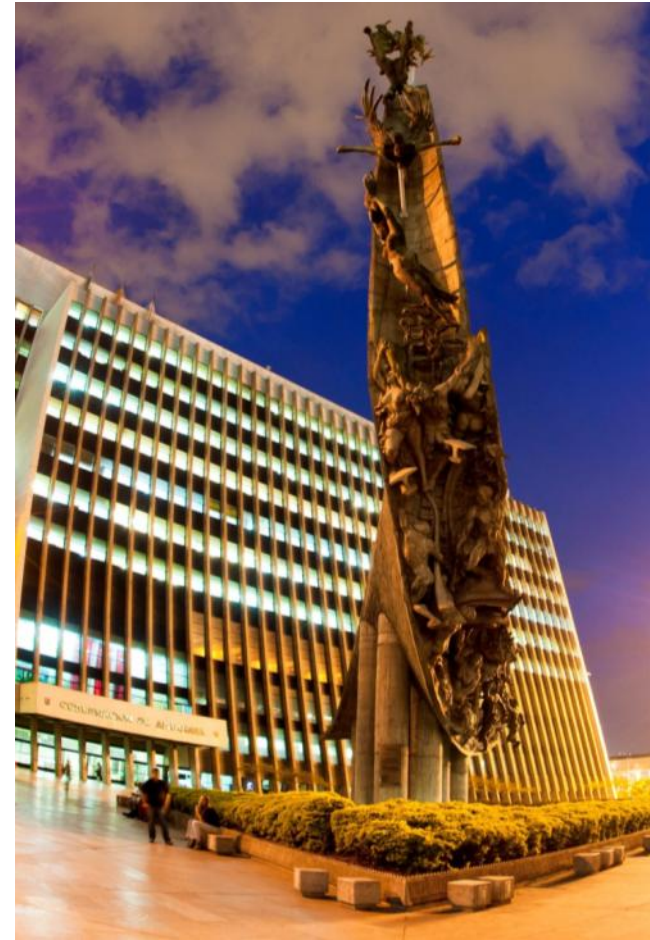
- Tecnova Corporation seeks to strength and promote innovation and R&D within companies in Medellin, by connecting them to collaborative innovation networks and Research Groups, in order to apply these researches to the marketplace and meet market opportunities.
- This Project allows to increase competitiveness in Medellin through the improvement of innovation capabilities both in companies and Research Groups.



## 4. Intermediaries and Knowledge Articulators

**Universidad-Empresa-Estado:** Its main aim is to give strength and effectiveness to university-industry-state relationship, to generate confidence in a framework of partnership and synergy that will enable the University to do applied research and technological development relevant, contributing to improve productivity and business competitiveness.

It also seeks to contribute to the promotion of public policies on entrepreneurship, technology development, research and innovation.





## Agency of Cooperation and Investment of Medellin and the Metropolitan Area

1. Agency of Cooperation and Investment of Medellin and the Metropolitan Area.
2. Sector Value Proposals.
3. Success Cases.



# 1. Agency of Cooperation and Investment of Medellín and Metropolitan Area

**Agency of Cooperation and Investment of Medellín and Metropolitan Area – ACI:** Institution responsible for promoting Medellín as an attractive destiny for the foreign direct investment, and for facilitating to the foreign investor (potential or installed) his investment or reinvestment in the city.

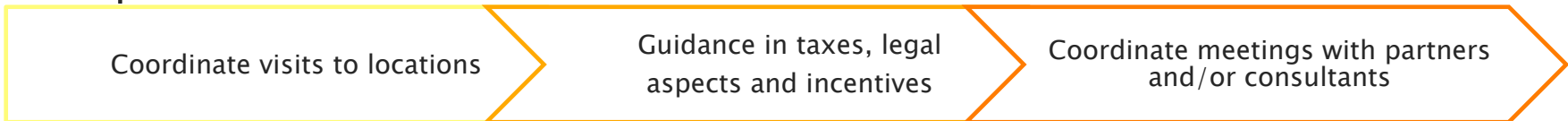


The ACI's Investment Area is formed by seven persons, an Investment Sub-Director, four sector consultants and two consultants in charge of provide transversal support with topics such as investment climate and market intelligence.

## Project Management Assistance



## Back-up Services





## 2. Sector Value Proposals

### E-Learning

Creation of e-learning contents for learning in 2D and 3D.

### Mobile Solutions

Software and mobile applications that give response to necessities or that support better forms to realize an activity.

### Business Intelligence

Support to decision-making process in real time, through the data processing and simulations to predict future results.

### Digital Animation

Development of digital animation in 2d (traditional style of Disney) and 3d, to the Digital Entertainment.

### Telehealth

Medical services that are provided at distance with the help of TIC. It includes telehealth and the health teleeducation.

### Biotechnology

Use of the biotechnology to develop new products for the pharmaceutical industry and cosmetics, from natural products.

### Engineering Outsourcing Services

Creation of products and processes, which includes the equipment, infrastructure and processes design.

### Investment Funds

Promote the Risk Capitals that seeks to take advantage of enterprises with high potential by injecting capital and knowledge.

### 3. Success Cases

#### Information Technology

The US company Unisys, which works in the information technology sector, invested USD 1.4 million to operate its IT service center with close to 150 jobs.



#### Information Technology

The US multinational Hewlett-Packard decided to set up its global service center in the city of Medellin, where it will carry out activities of BPO through close to 1.000 jobs.



#### Information Technology

The Multinational Tata Consultancy Services, from India, which carries out activities such as IT Services, Outsourcing and business solutions, is currently reinvesting in its Medellin service center to increase its personnel from 142 to 350 jobs by 2011.

#### **Kimberly-Clark** Personal Care

The Multinational on Personal Care, announced the installation of a Global Innovation Center in Medellin, the first facility of its kind in the region. The center will develop products using local and regional insights to meet broader consumer needs around the world.

### 3. Success Cases



#### Energy

Leader in engineering services for energy generation, distribution and transmission, industrial processes, waters, and basic sanitation, urbanism and buildings, and environmental engineering. HMV belongs to the Helm investment group from the United States.



#### Personal Care

US mass consumer multinational, invested in a distribution center in Rionegro (Antioquia). It produces and distributes known companies such as Gillette, Pringles, Duracell, Ariel, Tampax and over 300 brands of daily consumables. The investment was USD 25 million.



#### Cosmetics

The US cosmetics multinational, AVON, invested in a distribution center in Guarne (Antioquia). The investment amounted to USD 50 million.



#### Tourism

French group ACCOR, whose activities are carried out in the hotel business, invested in Medellin, through Hotel IBIS, one of its most widely recognized hotel brands, the sum of USD 25 million to develop this hotel project.





Thank you