Interview: Thomas Voigt – Executive President, German Chamber of Commerce, Colombia



"German companies have always remained [in Colombia] during both good times and challenging times"

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Thomas Voigt, executive president of the German Chamber of Commerce in Colombia for seven years, discusses the gradual decentralisation of business in Colombia and the increasingly long-term commitment of German companies to this market.

Can you give us a brief history of German Chamber of Commerce in Colombia?

The German Chamber of Commerce in Colombia has now existed for 82 years and we are one of the oldest chambers in the country. For more than 100 years, pharmaceutical and medical devices companies like Bayer and Siemens, among others, have been strongly committed to Colombia. German companies have always remained during both good times and challenging times; a trait typical for German companies which often look for long term commitment and partnerships. Nowadays, we have around 150 German companies in the country, against only 60 when I took over the role seven years ago. Additionally, we have between 250 and 300 Colombian companies that represent German brands as distributors.

Four years ago, the economic development was good, ten years ago the economy was not good, 20 years ago Colombia didn't have even international trade. The German chamber has 320 members, of which half are German companies, 40 percent are Colombian companies doing business with Germany, ten percent are not necessarily related to German trade but appreciate the

network. We have an office in Bogota with 18 employees and three employees working from Medellin. In 2012 Medellin was awarded most innovative city in the world.

On one side, Colombia is very centralised, on the other, it is undergoing decentralisation. Right now, 50 percent of the country's economy is centred around Bogota, while Medellin represents 15 percent. Moving forward, I envision a strong development of this decentralisation. Additionally, Colombia is relatively secure. The country has one of the best healthcare systems in the region and the health industry will continue growing. The government has the opportunity to bring state rule to these areas. I am sure that companies will increasingly invest in the Atlantic coast because infrastructures are better than before and the ease of doing business there is also increasing.

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What makes this an ideal platform for German companies to enter Colombia?

The companies do the business. We provide the information. I often greet German delegations visiting the country. They want to know the possibilities within the country and are looking for advice on business practices. Our network is particularly useful in this regard. It's almost impossible to conduct business without a partner, especially since legal processes are still a bit burdensome. We support trade shows, we help companies establish a presence in the country, and help them with legal matters. However, we do not interfere with their business.

Colombia is becoming a more attractive for German companies. Aside from the increased stability, what makes the country attractive for German companies specifically?

Doing business does not necessarily mean only investing. Colombia is a very interesting market to sell to. The country has had an important history of civil war. Along with the peace process, needs are now developing. With the natural resources available in the country, the Colombian middle-class is growing, the economy is stable and the workforce well educated. The legal system is reasonable. In terms of political stability, there is little threat from populist inclinations.

However, investing is a little more complicated. The market is relatively large with middle to high income. Additionally, the country is strategically located in a way that facilitates re-exports. It is a gate to both South and North America. On the other hand, corporate taxes are very high and you cannot place complete trust in the legal system. Its infrastructure is to be improved, and corruption in the healthcare system is high. These factors might make investors thinks twice before engaging. Most companies choose to gradually increase their commitment to the country. They start selling

through a distributor, and then engage in a little bit of maintenance or infrastructure. Eventually companies will acquire or invest to have a direct presence in the country.

What synergies exist for German companies in the Colombian pharmaceutical market?

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Colombia is a big country, with a big internal market (the second most populous country in South America). Because it is a hub for the region, most companies have their regional offices here. Very few German companies have chosen Panama or Ecuador. The Colombian government also helps a lot to develop its economy.

What is your relationship with the pharmaceutical industry?

Pharmaceutical companies represent 30 of our 150 members. With the exception of Bayer, very few German pharmaceutical companies produce here for financial reasons.

Four times a year we organise round tables, to discuss the challenges in the country. We visit the Ministry of Health to defend our member companies' interests. Looking at the region, we see that Colombia is probably the most stable economy alongside Peru, which has lower levels of economy and a smaller market. The issue everybody talks about is the issue with the United States as nobody knows what will eventually happen with Latin American and US relations.

What are your strategic priorities?

We need to think about which sectors are the ones to focus upon. Health is one of them. The sector will grow and German companies will continue increasing their presence here. Agroindustry, infrastructure and tourism should be growing as well.

What is your advice for foreigners looking to work in Colombia?

Germany and Colombia are not that different. In Germany, regional differences exist too. We share the same Christian values. Stereotypes about time are irrelevant, if not a myth in Bogota. In order to be successful, one should focus on close business relations and partners.

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