

# MONTHLY

COLOMBIA RISK

COLOMBIA  
RISK  
ANALYSIS

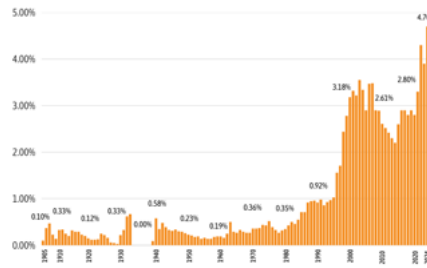
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## THE PETRO GOVERNMENT WILL RESTRUCTURE AHEAD OF ELECTIONS

In 2025, President Petro will reorganize his cabinet, appointing loyal ministers to push his agenda despite a challenging Congress, leverage legislative successes and setbacks, and focus on electoral priorities leading up to the 2026 elections.

## ECONOMIC OUTLOOK FOR 2025 SHOWS IMPROVEMENT BUT REMAINS VULNERABLE

Colombia's macroeconomic prospects for 2025 are optimistic, supported by forecasts of positive growth and lower inflation. However, uncertainties persist due to factors such as the governance of the Central Bank, geopolitical dynamics, declining foreign direct investment, and potential risks from renegotiating free trade agreements.



## PROGRESS ON "TOTAL PEACE" WILL BE SLOW AND LIMITED

In 2024, security improvements were minimal, hindered by the rise in coca cultivation, stalled peace talks, and attacks in various regions, underscoring the fragility of the government's policies. While the Petro administration touts the peace negotiations as its greatest achievement, the lack of tangible results fuels skepticism heading into 2025.

## ENERGY CRISIS RISKS SET TO RISE IN 2025

Colombia faces an escalating energy crisis driven by *El Niño*, declining natural gas reserves, and mounting debts of energy commercialization companies. Although the Petro administration has implemented measures to mitigate the impact, financial, regulatory, and legislative constraints limit its room for maneuver in the event of a crisis. This scenario heightens the risk of power shortages and reliance on external actors.

## ENVIRONMENTAL PROGRESS WILL FALL SHORT OF ADDRESSING ALL CHALLENGES

Despite the Petro administration's efforts on tackling environmental issues, the government is unlikely to achieve the desired impact in 2025 due to financial constraints, security challenges, and conflicts with industries affected by new environmental regulations. Furthermore, while the government will prioritize environmental protection, it is unlikely to dedicate equal attention to mitigating the anticipated climate threats of the year.

## TRUMP'S RETURN WILL TEST COLOMBIA'S FOREIGN POLICY

Trump's return is likely to heighten tensions with Colombia due to political differences with President Petro on issues such as drug trafficking, migration, and Venezuela. His aggressive stance toward the region and Colombia's growing ties with China will challenge bilateral relations.

IAFP

Presidential aggregate favorability index\*

33.8% ↑

\*Calculations by CRA

## RISK TREND

JANUARY

- POLITICAL
- SECURITY
- SOCIAL
- ECONOMY

- Risk increase ↑
- Risk likely increase ↗
- Risk likely decrease ↘
- Risk decrease ↓
- Risk stable ▬

## UNEMPLOYMENT

NOVEMBER 2024

8.2% ↓

## INFLATION

DECEMBER 2024

0.46% ↑

ANUAL

5.20% ↓

## GROWTH

Q3 2024

2.0% ↑

## DOLLAR

10 JANUARY 2025

\$ 4,339.34 ↑

## BARREL WTI

10 JANUARY 2025

US 76.57 ↑

## BARREL BRENT

10 JANUARY 2025

US 79.68 ↑

## COFFEE - LB

10 JANUARY 2025

US 3.25 ↑