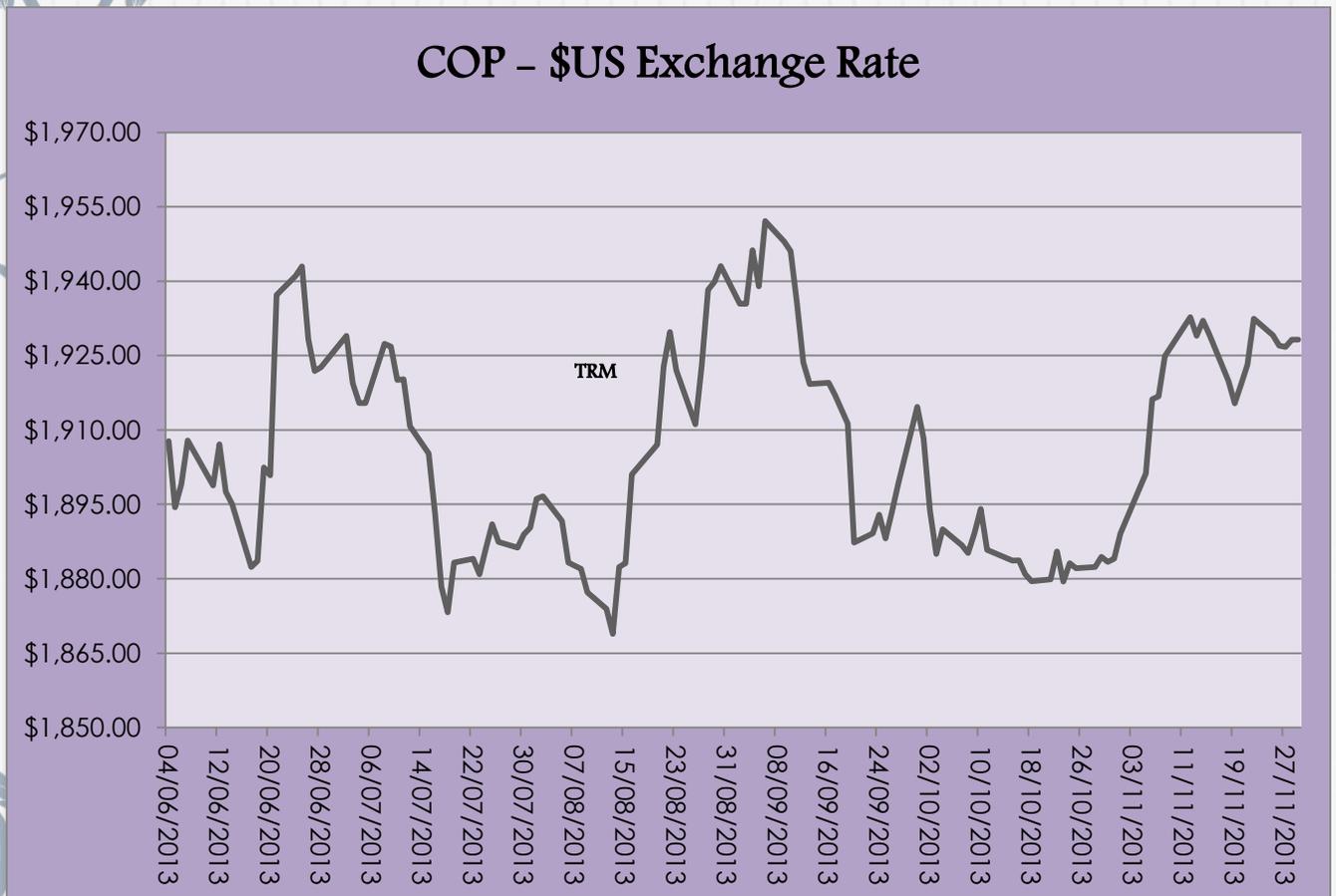




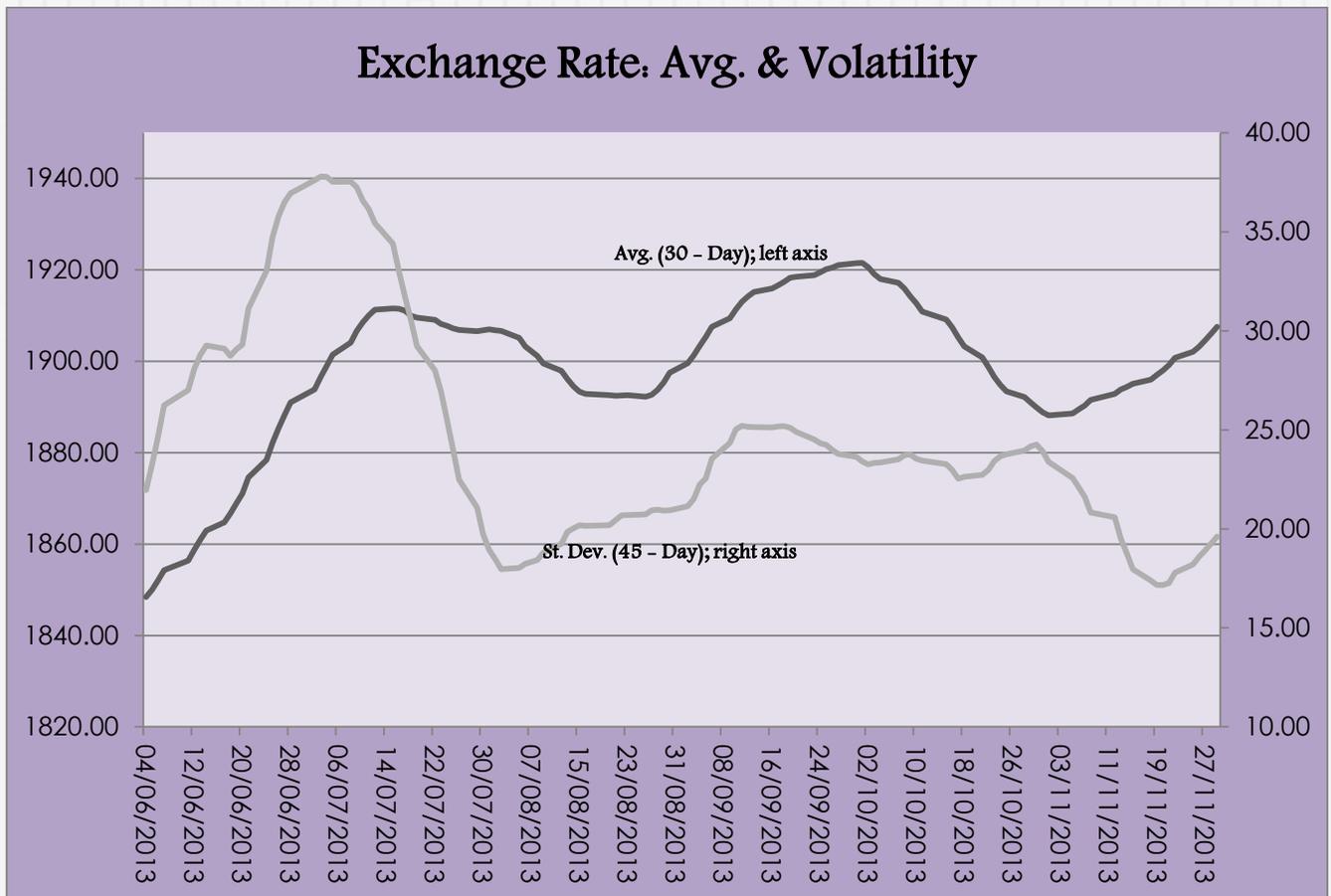
## BUSINESS ENVIRONMENT WATCHDOGS

### DATA

### Peso – Dollar Exchange Rate (ER)



The November 2.4% weakening of the Colombian Peso (COP) reverted 80% of its Sep – Oct value gain (3%). In any case, data still suggests **stable dynamics for the COP around current levels.**



This means expected shifts in fundamentals (like the confidence drop or monetary policy<sup>1</sup>) have been discounted into currency prices.

Hence, any additional *systematic* or *trend* depreciation of the COP has little probabilistic mass, at least in the short run.

However, the usual caveat applies: **any unexpected exogenous shock is capable of inducing the ER market, once again, into depreciation dynamics.**

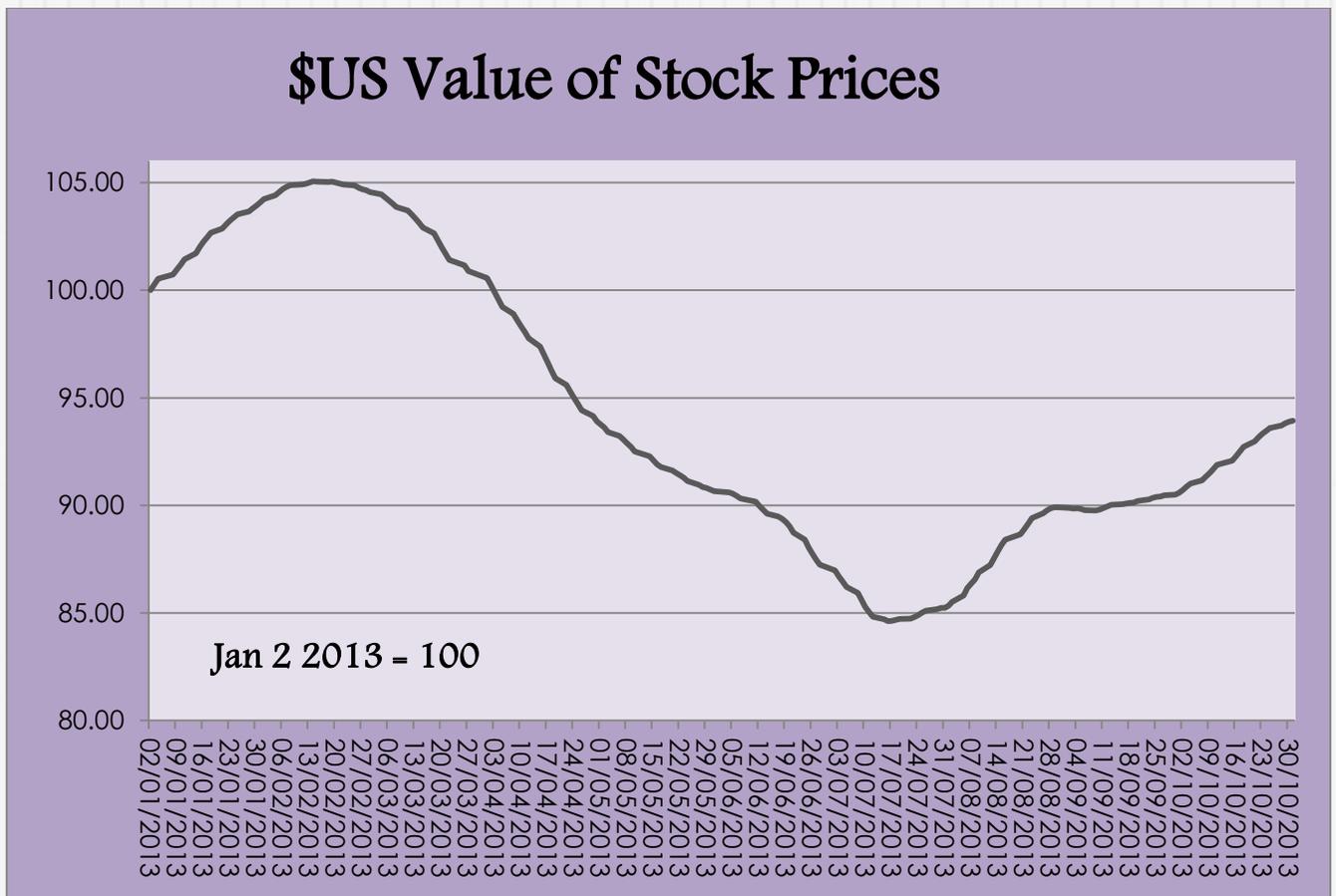
<sup>1</sup> This includes monetary policy: the Central Bank (CB) cut its interest rate in 100 basis points (bps) during 2013: i) 25 bps on Jan 28; ii) 25 bps on Feb 22; iii) 50 bps on Mar 22. Afterwards (board meetings of Apr 26, May 31, Jun 28, Jul 26, Aug 30, Sep 27, Oct 25 and Nov 29), the rate stood untouched at 3.25%. The CB also implemented an active international reserve (IR) accumulation policy after its Jan 31 board meeting: \$US 3 billion between Feb and May. However, after its May 31 and Sep 27 board meetings the CB reigned in its IR accumulation policy: i) \$US 2.5 billion during the Jun – Sep time period, and ii) \$US 1.0 billion during the Oct – Dec time lapse.

For instance, a plausible shock could emerge if the President’s possibilities of reelection melt down, and a **market unfriendly candidate exhibits real possibilities of reaching a second round of voting.**

Another shock could take place if peace agreements with FARC end up in a relevant or real **erosion of property rights.**

Additionally, a COP weakening shock will appear if the **Federal Reserve Board decides on reigning in its monetary expansion program (Quantitative Easing – QE –) sooner than expected (Spring 2014).**

### QUAESTOR’s \$US Value of Domestic Stock Price Index



During November the **stock market displayed a 7% plunge** in nominal (COP) terms.

Such loss reverted stock prices back to the pre Aug plunge levels.

Therefore, the **bullish Sep – Oct dynamics in the stock market were no symptom whatsoever of a trend reversal after the Feb – Jul price plunge.**

Furthermore, the November weakening of the COP induced an even **deeper plunge of stocks prices when measured in real/dollar terms.**

For instance:

- i) \$US 100 invested on Jan 02 have become \$US 82 on November 29.
- ii) \$US 100 invested during the markets' peak (Feb 5) have turned into \$US 81 on November 29.

## Treasury Bills (TES) Implicit Interest Rates

Data in the **TES market reveals stabilization dynamics after the May – June price plunge.**

In any case, the implicit interest rate of the July 2020 TES bond<sup>2</sup> is almost 200 basis points (bps) above its pre – June average.

Similar dynamics are observed in the July 2024 bond<sup>3</sup>.

In any case, more observations are required before issuing a sound forecast of price dynamics in this market.

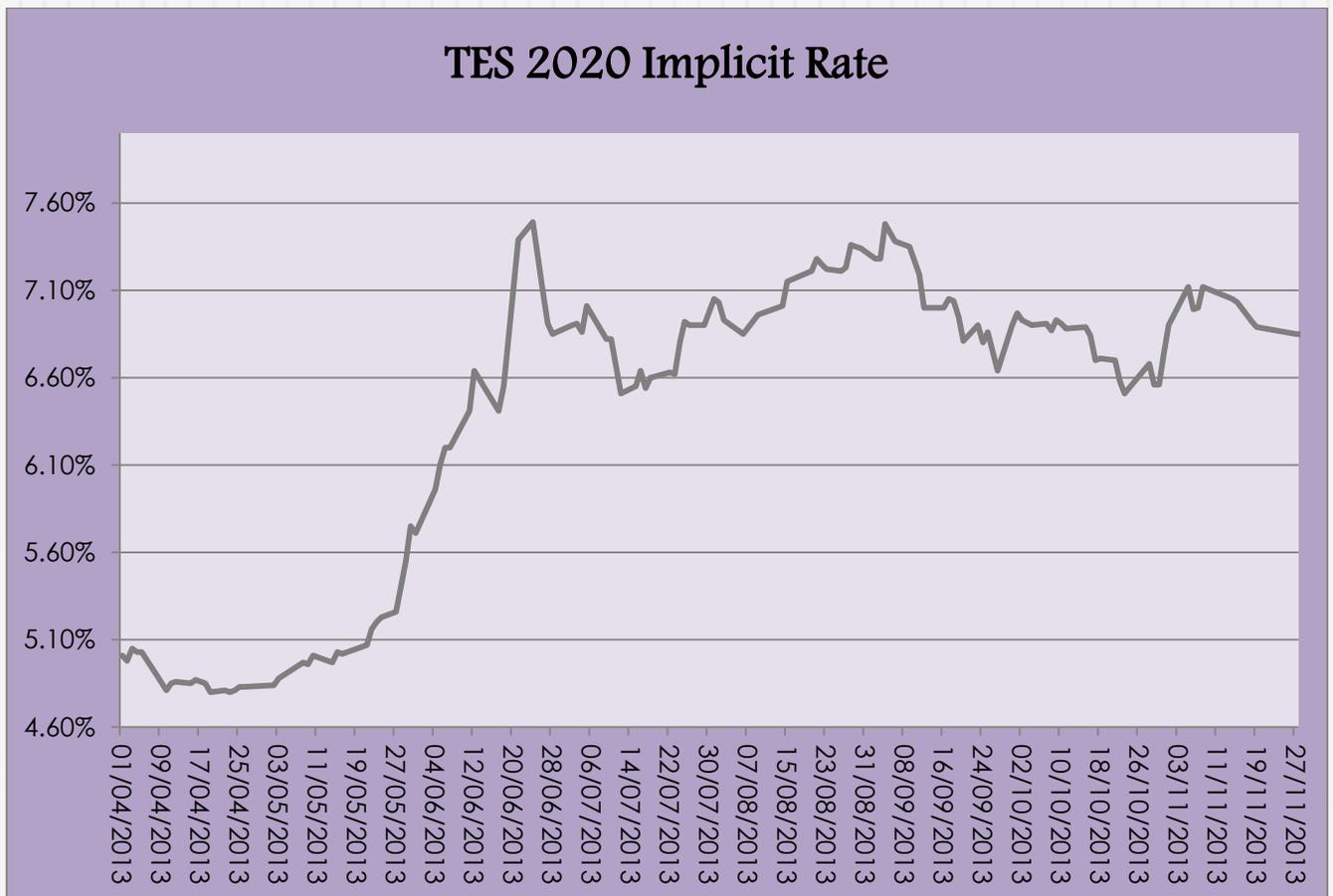
---

<sup>2</sup> 11% coupon, issued on July 24 2005, expires on July 24 2020.

<sup>3</sup> 10% coupon, issued on July 24 2008, expires on July 24 2024.

For instance, the finance Minister announced that **tax revenues will fall \$COP 2 billion (more than \$US 1 billion) short of the 2013 goal**. This represents almost 2% of the revenue goal.

The Minister **claimed that this condition will not impact the Nation's fiscal stance** (1% in the Non – Financial Public Sector<sup>4</sup> and 2.3% in the Central Government<sup>5</sup>).



However, if the Ministry's officials don't explain coherently how the revenue short fall will be compensated, the market will discount the **impact of less revenues over the fiscal stance of the Colombian economy and, thereby, prices in the TES market will drop.**

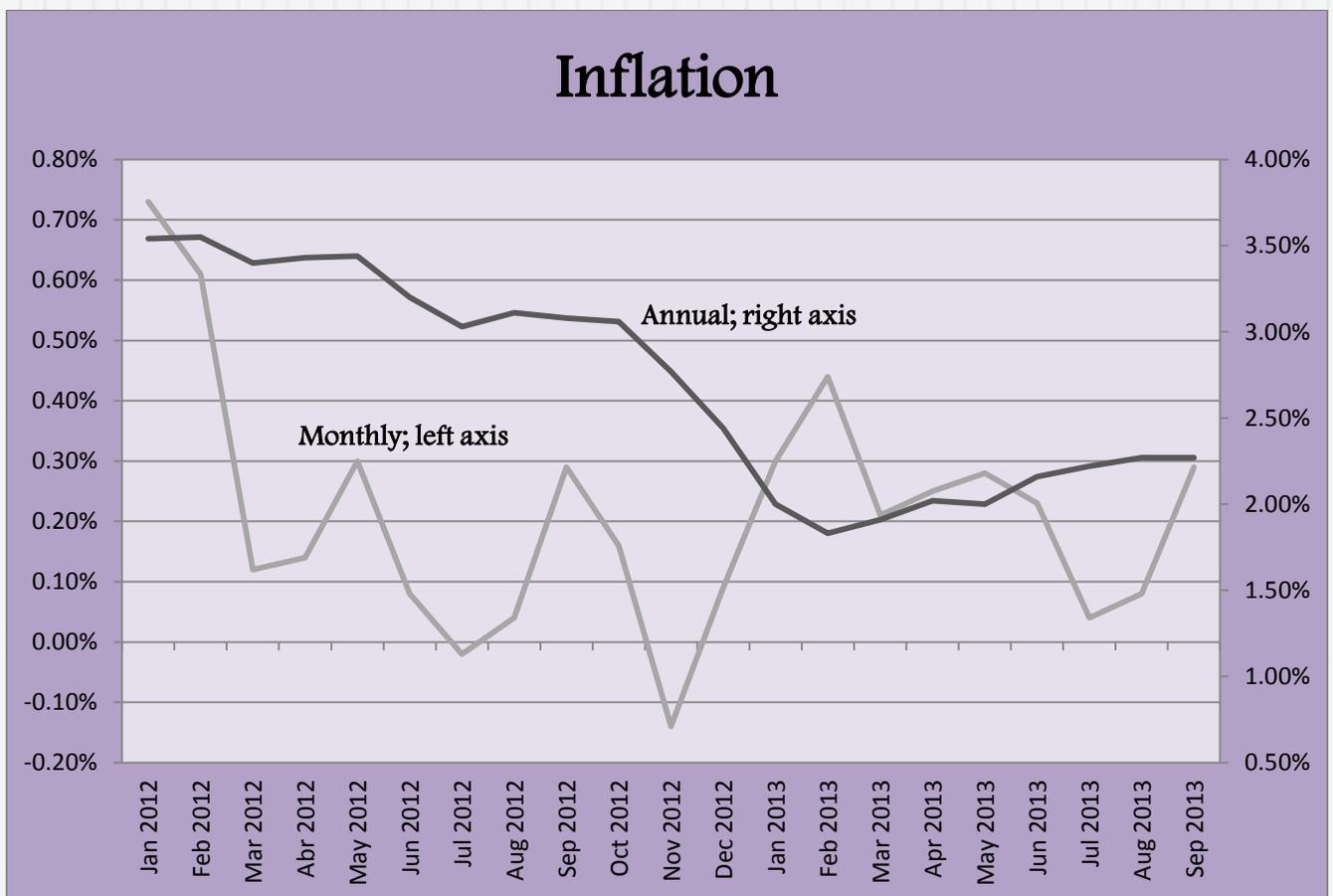
<sup>4</sup> This is equivalent to a 1.8% primary surplus.

<sup>5</sup> This means a 0.3% primary surplus.

## Inflation Rate

On Tuesday November 5 DANE revealed inflation during October 2013: – 0.26%. This means:

- i) Cumulated inflation (Jan – Oct) stands at 1.89% (compared to 2.48% during Jan – Oct 2012).
- ii) Annual inflation (Nov/2012 – Oct/2013) is at 1.84% (compared to 3.06% during Nov/2011 – Oct/2012).



Undoubtedly, **consumer price data exhibits full macro/monetary stability for investment purposes.**

## OUTPUT PERFORMANCE

Recent relevant data:

- i) **Friday November 8 (DANE)**: Total exports decreased 1.2% (yoy) during September: \$US 4,851 million (Sep 2013) vs. \$US 4,910 million (Sep 2012). This behavior is attributable to the yoy plunge of exports in the following sectors: gold (- 50.5%), iron and steel (- 25.5%), road vehicles (- 18.4%), livestock (- 56.5%), bananas (- 34.4%), livestock (- 56.5%), sugar products (- 25.8%) and oil (- 5.7%). In fact, during September of this year 22.3 million barrels of oil were exported (vs. 22.2 million during Sep 2012), which entails a meager 0.5% yoy increase.

As a result, cumulated exports exhibit a 2.6% fall with respect to 2012: \$US 43,769 million (Jan – Sep 2013) vs. \$US44,933 million (Jan – Sep 2012). This contraction is especially due to the plummeting of exports in coal (- 18.0%), gold (- 26.9%), sugar (- 55.2%) and ferronickel (- 20.8%).

Additionally, Jan – Sep exports to the U.S decreased 12.6% in relation to 2012 (basically due to a 12.8% contraction in fuel and mineral oil exports). The plunge in cumulated exports to the U.S. explains 181% of the 2.6% drop in exports during the Jan – Sep time lapse.

- ii) **Saturday November 9 (XM – ISA)**: During October energy demand grew yoy 3.6% (vs. 3.1% during Sep 2012). Additionally, year to date (Jan – Oct 2013) energy demand increased at a 2.9% rate (vs. 3.7% during Jan – Oct 2012). Similarly, 12 – Month energy demand (Nov 2012 – Oct 2013) has grown at a 3.1% rate (vs. a 3.7% growth rate during the lapse Nov 2011 – Oct 2012).

On the other hand, during October non – regulated energy demand grew yoy 2.8% (and year to date increased 2.3%). It's important to highlight that energy consumption in the Mining sector dropped yoy 5%. In contrast, energy demand in the Manufacturing sector exhibited a 5.8% growth rate.

- iii) **Thursday November 14 (Fedesarrollo)**: The Consumer Confidence Index stood at 22.3% during October, thus improving 8.7 percentage points with respect to September, but still under the October 2012 level (25.6%).

According to the think tank, during October there was a homogeneous (month to month) recovery of consumer confidence in the four most important cities:

- Bogotá: 19.7% (augmenting 5.0 percentage points in relation to September 2013; yet, 7.7 percentage points below October 2012).
- Medellín: 17.1% (gaining 13.3 percentage points in relation to September 2013; also 3.9 percentage points above October 2012).
- Cali: 33.0% (advancing 7.6 percentage points in relation to September 2013; also 1.6 percentage points above October 2012).
- Barranquilla: 37.2% (increasing 10.3 percentage points in relation to September 2013; also 0.6 percentage points below October 2012).

Now, in terms of socio – economic segments the behavior of consumer confidence was also of homogeneous month to month recovery:

- High: 26.3% (augmenting 5.5 percentage points in relation to September 2013; yet, 5.9 percentage points below October 2012).
  - Middle: 20.9% (gaining 6.1 percentage points in relation to September 2013; yet, 5.8 percentage points below October 2012).
  - Low: 23.2% (augmenting 9.7 percentage points in relation to September 2013; yet, 0.5 percentage points below October 2012).
- iv) **Thursday November 14 (FENALCO)**: During October 23% of retail sales merchants reported a fall in their yoy sales (vs. 24% during September). On the other hand, 40% of them observed an increase in their yoy sales (vs. 39% during August).
- v) **Friday November 15 (Banco de la República)**: Cumulated (Jan – Oct) Foreign Direct Investment (FDI) exhibited the same volume as last year: \$US 13,979 million (2013) vs. \$US 13,989 million (2012). Yet, 12 – month FDI is still 0.44% below that of last year: \$US 16,674 million (Nov 2012 – Oct 2013) vs. \$US 16,748 million (Nov 2011 – Oct 2012).
- vi) **Friday November 15 (ANM)**: Between January and September coal output dropped 11.2% in comparison to the same period last year: 60.0 million tons during Jan – Sep 2013 vs. 67.6 million tons during Jan – Sep 2012. As a result, and during the same time lapse, coal royalties decreased 14.9%.

For its part, gold production decreased 14.9% between Jan and Sep: 1.34 million troy ounces during Jan – Sep 2013 vs. 1.58 million

troy ounces during Jan – Sep 2012. Gold royalties, consequently, also decreased.

- vii) **Monday November 18 (MME)**: Oil output increased 2.6% during October yoy [986.000 bpd (Oct 2013) vs. 961.000 bpd (Oct 2012)]. Nevertheless, it decreased 0.90% with respect to September 2013 (995.000 bpd), and the datum is, once again, below the 1 million bpd target.
- viii) **Monday November 18 (DANE)**: 10.0% yoy increase in imports during September 2013: \$US 5,148 million (Sep 2013) vs. \$US 4,679 million (Sep 2012). During the Jan – Sep period imports exhibited a 0.4% contraction: \$US 44,081 million (Jan – Sep 2013) vs. \$US 44,238 million (Jan – Sep 2012).

In consequence, the Colombian economy presented a \$US 1,767 million trade surplus during the first three quarters of 2013. The highest surpluses were with the U.S. (\$US 2,880 million), Panamá (\$US 2,256 million) and the Netherlands (\$US 1,494 million). The highest deficits were with China (\$US 3,567 million) and Mexico (\$US 3,348 million).

- ix) **Monday November 18 (DANE)**: Construction licensed area increased 23.9% yoy during September: 2.366.607 m<sup>2</sup> (Sep 2013) vs. 1.910.242 m<sup>2</sup> (Sep 2012). This is the result of opposite dynamics in licenses for housing and non – housing projects. In fact, licensed area for housing projects decreased yoy 3.7%, but skyrocketed 125.6% for non – housing projects. In any case, licensed area for subsidized housing augmented yoy 14.9%, while licensed area for non – subsidized housing dropped 11.4%.

Year to date (Jan – Sep) there was an 18.9% increase in licensed area: 18.504.316 m<sup>2</sup> (Jan – Sep 2013) vs. 15.561.247 m<sup>2</sup> (Jan – Sep

2012). In particular, licensed area for housing projects advanced 15.1%, while area for non – housing projects grew 30.8%.

Additionally, 12 – month licensed area exhibited a 10.7% growth rate: 24.157.953 m<sup>2</sup> (Oct 2012 – Sep 2013) vs. 21.813.998 m<sup>2</sup> (Oct 2011 – Sep 2012). This is the result of a 9.0% and 16.2% increase in licensed area for both types of projects (housing and non – housing, respectively).

- x) **Tuesday November 19 (ANDI)**: Between January and September manufacturing output contracted 0.7%, while sales grew 0.9% (with a 1.5% sales growth rate in the domestic market). Furthermore, 10 (out of 16) subsectors exhibited output drops during the same period (with deep plunges in textiles, vehicle parts, vehicles, iron/steel and household appliances: – 18.0%, – 25.1%, – 16.0%, – 8.7% and – 9.7% respectively). Additionally, 8 of the 16 subsectors revealed sales drops (including a plummet of vehicle part sales: – 24.3%).

The report also indicates that during September installed capacity utilization stood at 78.5%, slightly above the level observed during September 2012 (78.0%).

Finally, perception of business environment improved during September: 56.6% of manufacturers considered business environment to be good (vs. 49.3% during August and 59.3% one year ago), while 40.6% expect it to improve (vs. 38.5% during August and 34.7% during Sep 2012).

- xi) **Wednesday November 20 (DANE)**: Manufacturing output contracted 1.8% (yoy, in real terms) during September. Additionally, 28 subsectors (out of 48) exhibited output drops. The sharpest contractions occurred in the following subsectors: precious non – ferrous metals (– 28.3%), vehicles (– 23.3%), milling (– 9.9%), oil refining (– 9.7%), and apparel (– 9.0%). Now, during

September yoy sales in the aggregate manufacturing sector grew 0.7%, while occupied personnel receded yoy 2.7%.

Year to date (Jan – Sep) manufacturing output contracted 2.7% in real terms. Specifically, 35 (of the 48) subsectors exhibited production drops. The higher drops occurred in: vehicles (–18.6%), iron and steel (– 10.0%), apparel (– 9.5%), paper and cardboard products (– 7.5%), plastic products (– 4.6%) and non – metal minerals (– 4.4%). Therefore, year to date manufacturing jobs and sales receded 2.2% and 2.5%, respectively.

12 – Month (Oct 2012 – Sep 2013) real manufacturing output decreased 2.5%. During this period occupied personnel and sales in the sector declined 1.7% and 2.0%, respectively.

- xii) **Wednesday November 20 (DANE)**: 2.3% yoy real increase in retail sales during September (vs. 2.1% during Sep 2012). If vehicle sales are excluded, the Sep 2013 retail sales yoy real growth rate falls to 0.3% (vs. 6.5% during Sep 2012). On the other hand, jobs in the retail sales sector exhibited a 3.5% yoy increase during Sep 2013 (vs. 5.1% during Sep 2012).

Year to date (Jan – Sep) real retail sales grew 3.5% – and 4.2% if vehicle sales are excluded – (vs. 3.0% and 4.8%, respectively, during Jan – Sep 2012). Additionally, year to date jobs in the retail sector augmented 4.0% (vs. 6.3% during Jan – Sep 2012).

Now, 12 – Month (Oct 2012 – Sep 2013) retail sales grew in real terms 3.4% – and 3.8% excluding vehicle sales – (vs. 3.6% and 5.3%, respectively, during the Oct 2011 – Sep 2012 time lapse). Similarly, 12 – month jobs in the sector increased 4.1% (vs. 6.5% during the Oct 2011 – Sep 2012 period).

- xiii) **Thursday November 21 (DANE)**: 45.7% overall increase in the volume of mortgages and housing loans during QIII2013 in relation

to QIII2012: new subsidized housing (16.9%), new non – subsidized housing (80.1%), used subsidized housing (14.9%), and used non – subsidized housing (41.5%).

Additionally, during the same period (and also in relation to QIII2012) the number of mortgages and housing loans increased 36.4%: new subsidized housing (1.2%), new non – subsidized housing (135.6%), used subsidized housing (8.5%), and used non – subsidized housing (36.3%).

- xiv) **Tuesday November 26 (Fedesarrollo)**: During October 2013 the Manufacturing Confidence Index deteriorated 1.8 percentage points in relation to September: – 1.4% (Oct 2013) vs. 0.4% (Sep 2013). However, the Index improved 1.2 percentage points yoy: – 2.6% (Oct 2012). Yet, its value's still below the Index's level during Oct 2011 (0.0%).

Three variables underlie the construction of the index: current sales perception, inventory levels perception and output expectations (for the next quarter). While the perception regarding current sales and inventory levels improved with respect to Sep 2013, output expectations deteriorated significantly, thus explaining the monthly decrease in the index's value.

- xv) **Tuesday November 26 (Fedesarrollo)**: During October 2013 the Retail Sales Sector Confidence Index improved 0.8 percentage points compared to September: 17.5% (Oct 2013) vs.16.7% (Sep 2013). Nevertheless, the datum is the lowest one for this month (Oct) since 2010: 22.8% (Oct 2012), 25.9% (Oct 2011) and 23.9% (Oct 2010).

The index is constructed upon three inputs: perception of current business (economic) conditions, perception of inventory levels and expectations of business conditions (for the next semester). While

the first two factors improved in relation to Sep 2013, the latter (expectations of business conditions for the next semester) deteriorated, thus attenuating the monthly increase in the index's value.

- xvi) **Saturday November 30 (DANE)**: During October 2013 overall unemployment reached 7.8% (vs. 8.9% during Oct 2012). In the 13 major cities unemployment during October 2013 was 8.7% (vs. 10.2% during Oct 2012).

The sectors that are adding jobs to the economy at a faster rate are: i) Retail sales, restaurants and hotels, and ii) Community, social and personal services. Those sectors destroying jobs are: i) Manufacturing and iii) Transportation, storage and communications.

## DATA SUMMARY

Dynamics in Colombian asset markets during November **reverted the Sep – Oct value gains.**

Hence, the expected **strengthening of domestic demand (through the natural wealth effect) after the Sep – Oct bullish markets is now in doubt.**

Not surprisingly, **retail sales growth is still sluggish and merchants' expectations are stagnant.**

Fortunately, **consumer confidence seems to be picking up** sufficiently so as to ignite more thrust into domestic demand.

On the supply side, there's **no question about the strong recovery of the construction sector.**

Yet, **manufacturing and mining output is contracting significantly.**

The **oil and gas (O&G) sector** is also weak as displayed by output volumes.

Nevertheless, the labor market revealed a **strong fall in unemployment due to a high rate of job creation.**

In terms of external flows, **FDI has picked up during the last months, but still has not overcome the 2012 levels.** Additionally, **exports maintain negative growth rates.** In any case, the year to date contraction of imports (and sound international reserve levels) **eliminate any possibility of external imbalances,** as the ER market has already probably discounted.

In relation to the fiscal stance of the Nation, the market still expects a sound explanation of **how the underperformance of tax revenue will be compensated.**

## UNDER OUR WATCH

**Mining I:** On Thursday October 31 the Administrative Tribunal of Cundinamarca accepted the study of a legal request from Congressman Iván Cepeda (plus some social organizations) to order the government the **suspension of further mining entitlements in Colombia.** According to the petitioners, public institutions lack the capacity to impartially evaluate the effects of mining activities over the environment, human health and the exploited territories.

On October 16 the same Tribunal ordered the **suspension of some blocks in Strategic Mining Areas,** in response to a tutelage request from plaintiffs in local communities in the state of Chocó.

**Mining II:** On Thursday November 7 the Corporate Vice President of Cerrejón<sup>6</sup> announced that the company would **not meet its coal output goal for 2013 (34 million tons) due to the escalation of FARC's attacks**

---

<sup>6</sup> Cerrejón belongs to BHP Billiton (Anglo – Australian capital), Anglo – American (Anglo – South African capital) and Xstrata (Swiss capital).

**and assaults** against the company and its railway (7 attacks year to date).

Recall the last episode: at 4:00 am on Sunday October 13 FARC terrorists (belonging to “Frente 59”) blew up the railroad used by the company to carry coal from the mine in Albania (state of La Guajira) to Puerto Bolívar. 43 wagons were derailed.

Given that Cerrejón produced 34.6 million tons of coal during 2012 (out of 89.2 million tons produced in Colombia), and given that the company is the largest coal producer in the country, not meeting its 2013 goal (34 million tons) means not only that **the government will not meet its own 2013 goal (94 million tons), but also a drop in national coal output.**

**Competitiveness I:** On Thursday November 7 the President of the Private Council of Competitiveness reported that **the country has not improved in terms of competitiveness**, especially due to lags in:

1. Education: quality and reach (mainly in preschool, high school and college).
2. Flexibility of the labor market.
3. Transportation infrastructure.
4. Logistics.
5. Judicial system: efficiency and transparency.
6. Fighting corruption.
7. Health system: quality and financial sustainability.
8. Pension system: reach, equality and financial sustainability.
9. Innovation, science and technology.

**Tourism I:** The Supreme Court in administrative matters (Consejo de Estado) **ruled out any project in Sierra Nevada** (states of Magdalena, Cesar and La Guajira) **if consultations with indigenous communities are not carried out.** In doing so, the Court rejected the granting of an

ecotourism concession to a private operator without such consultations, and confirmed a Magdalena's Administrative Tribunal ruling ordering the operator to mark off those areas of the concession that overlap indigenous and sacred territories.

**Physical Security**: FARC and ELN press on their terrorist stampede:

- i) **Friday November 1**: FARC terrorists (belonging to "*columna móvil Teófilo Forero*") stopped and extorted 270 civilians travelling on a road trip through the municipality of San Vicente del Caguán (state of Caquetá). The terrorists injured one of the civilians and demanded \$US 250 per vehicle.
- ii) **Saturday November 2**: FARC terrorists (belonging to "*Columna Móvil Alirio Torres*") abducted and assassinated one civilian in a farm located in the rural area of Guacarí (state of Valle).
- iii) **Sunday November 3**: FARC terrorists (belonging to "*Frente 6*") blew up and robbed the safe deposit box of a poultry farm in the municipality of Caloto (state of Cauca). 10 nearby houses were damaged after the explosion.
- iv) **Sunday November 3**: At 5:30 pm FARC terrorists (belonging to "*Frente 26*" and "*Frente 53*") attacked with explosives and assault rifles the Police station in the municipality of Mesetas (state of Meta). One policeman was killed.
- v) **Monday November 4**: FARC terrorists (belonging to "*Compañía Resistencia Catatumbo*") assassinated one policeman and injured another one from the back in the settlement of Campo Dos (municipality of Tibú, state of Norte de Santander). This is part of a criminal modality implemented by FARC in the Catatumbo region

known as “*Pistol Plan*” in which policemen are assassinated with snipers or from the back.

- vi) **Monday November 4:** ELN terrorists released from captivity 3 employees of Termo Técnica (contractor of Bicentenario de Colombia<sup>7</sup> oil pipeline) who had been kidnapped in Saravena (state of Arauca) since September 10.
- vii) **Tuesday November 5:** FARC terrorists attacked with explosives the Police station in the municipality of Suárez (state of Cauca). No policemen were injured or killed.
- viii) **Wednesday November 6:** FARC terrorists attacked with explosives and assault rifles the Police station and Naval base in the municipality of Timbiquí (Pacific Coast, state of Cauca). No policemen or civilians were injured or killed.
- ix) **Wednesday November 6:** Army troops neutralized a terrorist plan in which ELN members (belonging to “*Frente Domingo Laín Sáenz*”) used a 16 – year old boy to install explosives along a road in the rural area of Saravena.
- x) **Wednesday November 6:** At 4:30 pm ELN terrorists blew up the Caño Limón – Coveñas Oil Pipeline<sup>8</sup> in the settlement of El Porvenir (municipality of Arauquita, state of Arauca). Fortunately there was no oil spill.

---

<sup>7</sup> This pipeline, 975 kms long between Araguaey (state of Casanare) and Coveñas (state of Sucre) is still under construction and belongs to Ecopetrol and other partners. The pipeline is supposed to have a capacity of 600k bpd between Araguaey and Banadía (state of Arauca), and of 450k bpd between Banadía and Coveñas.

<sup>8</sup> This pipeline, 780 kms long between the Caño Limón oil field in Arauquita (state of Arauca) and the municipality of Coveñas (State of Sucre, Atlantic coast), belongs to Ecopetrol and Occidental Petroleum Company (American capital) and has a 220 bpd capacity.

- xi) **Thursday November 7:** Local authorities informed that on October 31 FARC terrorists (belonging to “*Columna Gerardo Guevara*”) prohibited any vehicle flow or activity in the settlement of Puerto Claver (municipality of El Bagre, state of Antioquia). During 7 days, and without any response from the central or state government, all businesses, schools and the health center in the settlement were shut down. As a result, 600 persons had to flee to the urban area of El Bagre.
- xii) **Friday November 8:** FARC terrorists attacked with assault rifles the Police station in the municipality of Sucre (state of Cauca). No policemen or civilians were injured or killed, but 5 nearby houses were damaged.
- xiii) **Saturday November 9:** Army troops (23<sup>rd</sup> Brigade) deactivated an explosive artifact installed by FARC terrorists (belonging to “*Columna Móvil Daniel Aldana*”) along a road in the settlement of Carrizales (municipality of Ricaurte, state of Nariño).
- xiv) **Tuesday November 12:** The Defense Ministry revealed a plan from FARC’s “*Columna Móvil Teófilo Forero*” to assassinate former President and current Senate candidate Álvaro Uribe.
- xv) **Wednesday November 13:** During an engagement between Army troops and FARC terrorists in the vicinity of El Cerrejón coal mine, one soldier was assassinated and two other were injured. No civilians were injured and none of the company’s equipment was damaged.
- xvi) **Friday November 15:** FARC terrorists (belonging to “*Frente 48*”) attacked the Police station in the settlement of Puerto Colón (municipality of San Miguel, state of Putumayo). 2 minors (15 and

16 year old) were severely wounded and 20 civilian homes were destroyed.

- xvii) **Friday November 15**: A FARC sniper (belonging to “*Frente 48*”) assassinated one policeman also in the municipality of San Miguel (state of Putumayo).
- xviii) **Friday November 15**: FARC terrorists blew up 3 Ecopetrol oil wells in the settlement of La Y (municipality of San Miguel, state of Putumayo), thus inflicting a severe environmental damage on the region.
- xix) **Friday November 15**: During an illegal road block in the municipality of Puerto Asís (state of Putumayo) FARC terrorists immobilized 14 oil transporting trucks and forced the spill of 4,000 oil barrels, thus creating an environmental emergency in the zone.
- xx) **Friday November 15**: At 8:30 pm FARC terrorists (belonging to “*Frente 6*”) launched several explosive artifacts against an Army unit quartered in a military base in the municipality of Miranda (state of Cauca). 5 persons were injured and 10 civilian homes were damaged.
- xxi) **Friday November 15**: FARC terrorists (belonging to “*Frente 36*”) intercepted a civilian bus in the settlement of Villa Fátima (municipality of Anorí, state of Antioquia), loaded it with explosives and blocked the Medellín – Anorí road during 3 consecutive days.
- xxii) **Saturday November 16**: FARC terrorists (belonging to “*Frente 6*”) attacked the Police station in the municipality of Toribío (state of Cauca). There were no human casualties.

- xxiii) **Tuesday November 19**: FARC terrorists (belonging to “*Frente 59*”) attacked with explosives the city hall in the municipality of Barrancas (state of La Guajira). A nearby hotel, bank and 6 houses were also damaged.
- xxiv) **Tuesday November 19**: FARC terrorists launched explosives at the city hall in the municipality of Sucre (state of Cauca). Nearby houses were also hit. Two policemen and one civilian were injured.
- xxv) **Thursday November 21**: At 6:00 pm ELN terrorists assassinated one councilman in the municipality of Saravena (state of Arauca).
- xxvi) **Saturday November 23**: FARC terrorists (belonging to “*Frente 36*”) detonated an explosive artifact on the street next to the town square of San Andrés de Cuerquia. One policeman was injured and several houses and businesses were damaged.
- xxvii) **Saturday November 23**: 200 inhabitants of settlement Bocas de Caná (municipality of Zaragoza, state of Antioquia) had to flee their homes due to fierce combats between FARC terrorists and other criminal bands.
- xxviii) **Sunday November 24**: Army troops (Fuerza de Tarea Quirón) shot down 12 ELN terrorists (belonging to “*Frente Domingo Laín*”) and captured another two in the settlement of Cusay (municipality of Fortul, state of Arauca).
- xxix) **Sunday November 24**: ELN terrorists kidnapped two farmers in the municipality of Yondo (state of Antioquia).
- xxx) **Monday November 25**: FARC terrorists detonated an explosive artifact against the group of vehicles in which a Congressman and

his team were travelling when heading to the municipality of Tumaco (Pacific Coast, state of Nariño).

xxxi) **Monday November 25**: The Catholic Church denounced that FARC terrorists prohibited masses in the diocese of Mocoa – Sibundoy (state of Putumayo).

xxxii) **Tuesday November 26**: FARC terrorists attacked with explosives a Navy base in the municipality of Tumaco (state of Nariño). There were no casualties.

xxxiii) **Tuesday November 26**: FARC terrorists blew up an energy transmission tower and inflicted a 2 – day blackout over the inhabitants of Buenaventura (Pacific coast, state of Valle).

xxxiv) **Statistics**: During the last two months the Caño Limón – Coveñas oil pipeline has been dynamited 17 times in the Catatumbo region.

### **Our assessment:**

Even though, and as displayed in the Fortul Operation, the Army seems to have recovered some initiative in fighting terrorist organizations, the deterioration of **security conditions in several regions of the country (frontier states + traditional strongholds of FARC like Cauca, Caquetá and North of Antioquia)** goes on. Hence, the **climate for business and investment in these regions is adverse.**