COUNTRY RISK CATEGORY

4

OF 7

OCTOBER 2026

Colombia

COUNTRY ANALYST

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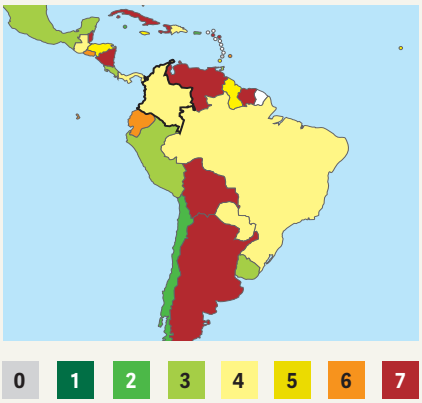
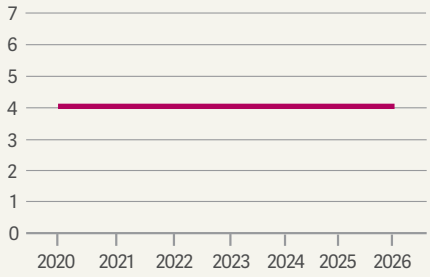
Basic facts (2025)

Population: 35 million
GDP, nominal: USD 457 billion
GDP/capita: USD 8 617



The country risk categories are arranged on a scale from 0 to 7. The lower the figure, the better the country's creditworthiness

Country classification history



Source: EKN

Strengths

+ Stable economic development
+ Well-established democracy with stable institutions
+ Moderate public debt ratio, despite growing budget deficits

Weaknesses

– Political violence and high crime rates
– Significant income inequality
– High dependence on commodities for export revenues

Democracy with security challenges

Colombia is Latin America's fourth-largest economy in terms of nominal GDP, at USD 457 billion, and the third largest by population, with 53 million inhabitants. The country is an established democracy with stable institutions, an independent judiciary and a long history of peaceful transfers of power. Colombia has a presidential system with four-year terms and a constitution based on the separation of powers and checks and balances between the executive (the government), legislative (Congress) and judicial (the Supreme Court) branches.

Historically, political power has alternated between two centre-right parties: the Conservative Party (Partido Conservador Colombiano, PCC) and the Liberal Party (Partido Liberal Colombiano, PLC). Today, the political landscape is considerably more fragmented, with around 15–20 parties represented in Congress. Between 2022 and 2026, Colombia was governed by Gustavo Petro, the country's first left-wing president and a representative of Pacto Histórico. In the 2026 presidential election, the political pendulum swung back to the right with the election of political outsider Abelardo de la Espriella.

Economic activity in Colombia has been more dynamic than in the rest of the region over the past decade. Colombia's GDP grew by an average of 2.7 per cent annually between 2015 and 2024, compared with average growth of 1.3 per cent for Latin America over the same period. The economy encompasses agriculture and commodities, mining, manufacturing, services and tourism. The services sector accounts for around 60 per cent of the economy and manufacturing for just over 10 per cent.

A long-term challenge is the dependence of export earnings on commodities. Oil and gas account for almost 50 per cent, followed by agricultural products such as coffee and bananas. This concentration of commodity exports leaves the Colombian economy exposed to volatile global prices, droughts and changing weather patterns, as well as climate-related transition risks. According to the ND-GAIN Index, an established measure of countries' vulnerability to climate change and their capacity to adapt, Colombia currently scores 48 out of 100. This places the country around the global midpoint in terms of climate vulnerability and adaptive capacity.

At the same time, several factors currently provide buffers against external pressures and support the economy's macroeconomic stability. The floating exchange rate acts as a shock absorber against potential declines in commodity prices. Foreign exchange reserves are adequate, providing just over seven months of import cover, while inflows of foreign direct investment cover current account deficits. Colombia also has a history of borrowing on international capital markets, where access to capital has been relatively good, although risk spreads have widened in recent years.

The country's central bank operates independently, and the Colombian banking system is sound, although relatively small in relation to the size of the economy. This is partly explained by the informal sector continuing to account for a large share of economic activity.

The peace agreement between the government and the largest guerrilla group, FARC, signed in 2016, marked the end of a civil war lasting more than fifty years.

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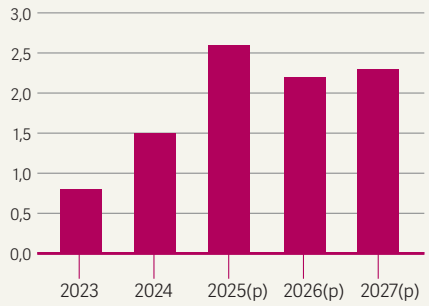
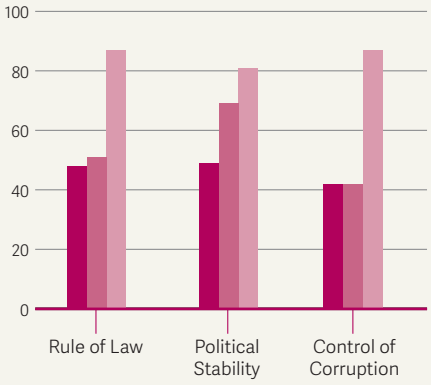
Real GDP growth (constant prices, % per annum)



Source: IMF WEO, Macrobond

Business environment



Colombia
Latin America and the Caribbean
Sweden

Ranking from 0 (worst) to 100 (best)

Source: The World Bank, Macrobond

Swedish export to Colombia

	MSEK
2025	1 811
2024	1 674
2023	1 941
2022	1 819
2021	1 222

Source: SCB

EKN:s exposure

	MSEK
Guarantees	4 048
Offers	35 682

Despite this, the country has not achieved lasting peace. In many areas previously controlled by FARC, new armed groups have taken over drug trafficking and other criminal activities. Negotiations with the last remaining guerrilla group, the ELN, had been ongoing for several years but have been completely suspended since 2024. Armed violence has increased in recent years, with clashes both between rival gangs and between gangs and state security forces.

Fiscal challenges

The fiscal position has weakened in recent years, albeit from a strong starting point. Colombia has long enjoyed a reputation as one of the region's most fiscally responsible countries and has never defaulted on its debt. This has contributed to stable relations with creditors and good access to capital markets. However, credit rating downgrades in recent years mark a change in this respect. Colombia has lost its investment-grade status with two of the three major credit rating agencies.

The fiscal deficit has widened, and in 2025 the government activated an escape clause in the fiscal rule, suspending its application until the end of 2027. This allows larger deficits than would otherwise be permitted under the rule. At the same time, Congress has passed a decentralisation reform that will gradually increase government transfers to municipalities, potentially placing significant pressure on the budget unless the allocation of responsibilities is also changed. Markets therefore followed the 2026 presidential election closely, as its outcome was said to determine not only the next presidential term but also the coming decade for the Colombian economy.

A decisive shift to the right

Abelardo de la Espriella won the polarised 2026 presidential election by a very narrow margin – less than one percentage point, equivalent to around 250,000 votes. De la Espriella is a right-wing populist outsider who has advocated a tough approach to security, known as mano dura, and promised extensive reforms: a 40 per cent reduction in the size of the state apparatus, the resumption of oil and gas exploration, and the abolition of certain taxes.

However, the narrow margin of victory raises questions about the government's political mandate to implement these reforms, as well as its practical ability to do so. As de la Espriella lacks an established party organisation behind him, much attention is focused on the government team he assembles. Considerable confidence has been placed in the incoming finance minister, Miguel Gómez, an economist and former bank executive, who has signalled a comprehensive tax reform aimed at structurally reducing the size of the public sector and restoring fiscal balance.

José Manuel Restrepo, who served as finance minister under former President Duque, is also regarded as a credible figure and is expected to play a prominent role, although it remains unclear who will actually lead negotiations with Congress.

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Confidence and room for manoeuvre

Markets have so far reacted notably positively to the election result. Since late May 2026, when de la Espriella began gaining electoral momentum, credit default swap (CDS) spreads have narrowed by around 38 per cent, or 87 basis points. This reflects a significant improvement in market perceptions of Colombia's risk profile. Over the same period, the Colombian peso has appreciated by just over 14 per cent against the US dollar.

The parliamentary situation may also prove more manageable than de la Espriella's representation in Congress would suggest. In keeping with a historical pattern in which traditional parties have tended to align themselves with incumbent governments, both the Conservatives and Liberals have joined the governing coalition. This has increased support to nearly 50 per cent in both chambers of Congress.

However, the government is also expected to rely on executive powers to implement its policies. De la Espriella has previously announced his intention to issue 90 decrees on his first day in office. Colombia's Constitutional Court has previously struck down similar decrees, illustrating that institutional checks are stronger than in countries such as Argentina. Rapidly reducing the deficit will therefore not be straightforward.

Looking ahead, key factors for the risk outlook will include fiscal developments, particularly the 2027 budget and compliance with the fiscal rule from 2028, as well as the government's ability to implement structural reforms, improve credit ratings and strengthen the overall security situation.

The foregoing chart information was obtained from Verisk Maplecroft*

Business environment

EKN classifies Colombia in business environment class 4 of 7. This reflects levels of corruption, regulatory quality and rule of law broadly in line with comparable countries, according to the World Bank's Worldwide Governance Indicators (WGI). Access to financial information on private buyers is generally good. Open account imports are common, and EKN's experience has been positive.

Regarding the overall regulatory environment, Colombia's central government administration is characterised by a high degree of reliability. This applies, for example, to the Ministry of Finance, the central bank and their associated authorities. On the other hand, local government administration, including municipal authorities and companies, is characterised by a higher risk of political interference and corruption.

Enforcing collateral can also be complicated. For example, there are requirements to realise pledged assets through auction sales, which can make such procedures both time-consuming and costly. Colombia's overall performance in the WGI, a set of indicators measuring, among other things, corruption, regulatory quality, political stability and the rule of law, has remained relatively stable over the past decade.

The Colombian banking sector is dominated by domestic banks, which account for around two-thirds of total assets. The sector is predominantly privately owned, reflecting the divestment of state-owned banks following a major banking crisis in the late 1990s. The banking regulatory framework is relatively well developed, although there is room for improvement, for example regarding capital adequacy requirements and the definition of banks' Tier 1 capital.

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The government is also considered reliable in terms of its willingness and capacity to support banks experiencing difficulties. This was most recently demonstrated during the pandemic, when the central bank, among other measures, maintained liquidity levels in the financial system and supported continued lending to small and medium-sized enterprises (SMEs). Following a peak in 2023, the share of non-performing loans in the banking system has declined, reaching around 4.4 per cent in May 2025, primarily due to improvements in household loan portfolios. Overall, the financial sector remains sound and liquid, with adequate capitalisation levels.

In its business assessments, EKN considers the risk of adverse impacts on human rights. The focus is on potential impacts arising from the operations in which exported goods are used. Key issues include working conditions, child and forced labour, excessive use of force by security forces, indigenous rights and land rights.

In Colombia, the risk of human rights violations relevant to business operations is higher than in OECD high-income countries but generally in line with risk levels in upper-middle-income countries. The risk of people being denied access to remedy in projects is somewhat lower relative to other risk indicators, while the risks of violations of land rights and restrictions on freedom of association are somewhat higher.

EKN's policy

EKN has classified Colombia in country risk class 4 of 7 since 2006. Normal risk assessment applies to transactions with all debtor categories: the Ministry of Finance, other public sector buyers, banks and corporates. This means there are no predefined restrictions on the issuance of guarantees, and transactions are assessed on their own merits without specific requirements or conditions.

EKN's commitment and experience

Colombia is one of EKN's larger markets in Latin America. Guarantees are mainly concentrated in urban bus projects in some of the country's larger cities and in the transport sector more broadly. There is also exposure to a major power project. The remaining exposure relates to the mining, healthcare, and paper and packaging sectors.

Over the past five years, EKN has issued guarantees for an average of just over 30 transactions per year. Payment experience is generally positive. Payment problems and arrears occur in individual transactions, but over the past 15 years, the volume of indemnifications has been negligible relative to the volume of guarantees.

* The data and information provided by Verisk Maplecroft should not be interpreted as advice and you should not rely on it for any purpose. You may not copy or use this data and information except as expressly permitted by Verisk Maplecroft in writing. To the fullest extent permitted by law, Verisk Maplecroft accepts no responsibility for your use of this data and information except as specified in a written agreement you have entered into with Verisk Maplecroft for the provision of such of such data and informationthe past year. By contrast, delays and claims have increased in the transport sector, where the underlying cause is non-payment under government contracts.