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ANNUAL REPORT ON COMPETITION POLICY DEVELOPMENTS IN COLOMBIA

-- 2012 --

This report is submitted by Colombia to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 19-20 June 2013.

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1. Changes to competition laws and policies, proposed or adopted

1.1 Summary of new legal provisions of competition law and related legislation

1.1.1 Decree 19 of 2012

1. This Decree became effective on January 10th, 2012. It repealed and amended some regulations and procedures in order to improve the timing of public administration. The following are the most significant changes related to the procedure used by the SIC to conduct antitrust investigations:

2. The Decree establishes legal terms for the submission of evidences by investigated parties (20 business days) and third parties (15 business days) after the decision to open a formal investigation. It also gives the opportunity to the parties (investigated and interested third parties) to submit final allegations, 20 business days after the Division for the Protection of Competition issues its Final Report which is presented before the Superintendent.

3. Additionally, the mentioned Decree introduces a hearing at the end of antitrust investigations in which investigated parties and interested third parties can present to the Deputy for the Protection of Competition their final statement regarding the investigation. It is important to point out that 16 of these hearings were during 2012.

4. With regard to the publications of the administrative proceedings and decision, the Decree established that the SIC must publish on its website the initiation of any formal investigation, remedy processes and conditions on mergers, among others.

1.2 Other relevant measures, including new guidelines

5. No measures or guidelines were issued by the SIC in 2012.

1.3 Government proposals for new legislation

6. During 2012, no proposals for new legislation related to competition law were filed before the Colombian Congress. However, it is worth noting that during this year the process that the government is undertaking to become a member of the OECD was strengthened. The SIC began a "Peer Review", project during which its policies are going to be subject to the assessments of other members of the international community. This kind of activities provides valuable information to the country under evaluation and promotes transparency and mutual understanding for the benefit of all parties of the organization. Once the "Peer Review" is completed, and if its final report advises to do so, a Bill will be filed in Congress in order to implement all the recommendations that the OECD will give to the country regarding the protection of competition.

2. Enforcement of competition laws and policies

2.1 Action against anticompetitive practices, including agreements and abuses of dominant positions

2.1.1 Summary of activities of:

- Competition authorities

Regarding cases of abuses of dominant position, cartels, and unilateral anticompetitive behaviors that were handled in the Division during 2012:

- 635 complaints were received in the Division for the Protection of Competition; of those, 514 were closed. It represents an increase of 93.6% in comparison to the complaints that were submitted in 2011 (328 complaints), and an increase of 149% regarding those that were closed in that year (206 complaints).
- 48 preliminary investigations were opened and 27 of them filed, whereas in the previous year, 43 were opened and 22 of them filed. This represents increases of 11.6% and 22.7%, respectively.
- The number of investigations showed a minor decrease compared to those that were conducted in the previous year. In 2012, 18 investigations were initiated and 16 reasoned reports were sent to the Superintendent of Industry and Commerce to be assessed, whereas in 2011, 23 investigations were initiated and 20 reasoned reports were issued. Besides, in 2012, 5 of the investigations were filed and 6 led to the imposition of fines in favor of the SIC, whereas in 2011 the Division filed 6 and sanctioned 10 investigations.

With respect to cases of administrative unfair competition, 192 complaints were received and 126 were closed; 2 preliminary inquiries were opened and 4 were filed; 2 investigations were opened and 1 was closed. In 2011, meanwhile, the Division for the Protection of Competition received 181 complaints, 119 of which were closed; 13 preliminary inquiries were opened and 35 were filed; 2 investigations were opened and none of them was closed. Thus, the number of complaints that have been received and closed by the Division in this regard increased in a 6% and a 5.8%, respectively, but in 2011 more preliminary investigation related to administrative unfair competition were conducted by the Division.

On April 18th, 2012, with the issuance of Resolution No. 22724, the Group of Bid Rigging was created within the Division as a response to the multiple cases related to irregularities in procurements' procedures that the SIC received from the year 2010. From 2000 to 2010, the Division for the Protection of Competition conducted a total of 18 cases concerning bid rigging, which represented an average of 1.8 cases per year. For the years 2011 and 2012, the Division conducted a total of 59 cases, which represents an average of 29.5 cases per year, i.e. 1,538% more cases than in previous years.

During 2012, this Group solved 36 complaints, initiated 4 investigations, imposed 1 sanction, and conducted 3 administrative procedures for failures to comply with SIC orders and instructions within bid rigging processes. As to December 2012, the cases conducted by the Group involved 859 contracts and 231 possible investigated parties.

In total, in 2012 the Superintendence of Industry and Commerce imposed fines that went up to, approximately, USD 5,494,320 dollars¹ for infringements of the free competition regime.

- Courts

- SIC v. IBOPE COLOMBIA, et al.

Once the administrative ruling of this case² became enforceable, the agents that were sanctioned filed a suit before the Administrative Tribunal of Cundinamarca. The plaintiffs

¹ Conversions made at the Market Representative Rate (TRM in Spanish) of December 31st, 2012.

² According to the Annual Report of 2011, "On April 20, 2011, the Superintendence of Industry and Commerce, by Resolution 23890, decided to sanction Ibope Colombia – a company specialized in audience

requested the annulment of the resolution by which the sanction was imposed, and, as a reestablishment of their rights, made a claim for the refund of the money paid.

In its judgment, the Tribunal argued that there is no need to prove the impact that the performance of a contract generates to qualify a conduct as an anticompetitive practice. In this particular case, it was clear that: a) the channels that signed the contract and IBOPE, had dominant position in their respective markets, and b) the other channels needed to acquire the only study available on the subject, at the prices determined by the companies under investigation.

Judges also recalled that in Colombia, by virtue of Article 1602 of the Civil Code, the contract is law for the parties involved. However, the clauses of this contract generated commercial consequences that affected the freedom of competition of persons that did not sign it. Besides, the Tribunal stated that in terms of violation of the protection of the competition regime the liability is strict. Accordingly, the intention that the investigated parties had when the conduct was committed does not matter for the SIC; this Entity only cares about the impact the conduct generates, or is likely to generate in the market.

Finally, the Tribunal held that the sanction imposed had not restricted or limited the exclusive powers of the holders of copyrights. Judges recognized that the plaintiffs, because of the funding of the study, were creditors of the economic rights that derived from it, but they also recalled that the clauses of any particular contract cannot go against the protection of the competition regime established in the Colombian law.

Taking into account the referred arguments, the Tribunal denied the plaintiffs' claims in accordance with the provisions set forth in the administrative ruling issued by the SIC.

2.1.2 *Description of significant cases, including those with international implications*

- FEDEGAN

By means of Resolution No. 40912 of June 28th, 2012, the SIC sanctioned the Colombian Federation of Cattle -FEDEGAN- with a fine of approximately USD 1,696,000 dollars, and its legal representative, Mr. José Felix Lafaurie Rivera, with a fine of approximately USD 16,966 dollars. The sanctions were imposed on the grounds that the Federation, unreasonably, obstructed the purchase of an anti-disease vaccine by a restriction on the offers of the vaccine that was produced with imported antigen. During the investigation it was also proved that the policies implemented by FEDEGAN created artificial barriers to entry to the relevant market that was studied in the administrative procedure.

The reproached conduct violated the provisions of section 2 of Article 50 of Decree 2153 of 1992, which considers as an abuse of dominant position to apply "*discriminatory conditions to equivalent operations*". It also infringed the provisions established on section 6 of Article 50 of Decree 2153 of 1992, which qualifies as an anticompetitive behavior "*to obstruct or prevent others from accessing to the market or to the marketing channels*".

share (ratings) measurement and statistics, UCEP – the Colombian Publishing Companies Association – and the two Colombian private television broadcasting companies - RCN and CARACOL – for an anticompetitive vertical agreement among them that affected the television advertising market in Colombia." P. 5.

- FOOD RATIONS -INPEC-

By means of Resolution No. 40901 of June 28th, 2012, the SIC imposed sanctions for bid rigging practices in a public tender that was conducted by the INPEC in 2011, whose purpose was to hire food services of ration system for the national prisons of that institute. The Division for the Protection of Competition found evidence of a collusive agreement between some of the proponents, through which they sought to define an optimal strategy that would allow them to carry out a selective allocation of some of the contracts that were going to be awarded in the selection process.

This practice represented a violation of the provisions of section 9 of Article 47 of Decree 2153 of 1992, which prohibits agreements that "*(...) have as object the collusion in public tenders or contests, or which have as effect the distribution of procurement's awards or the fixation of terms in the proposals*". The SIC imposed the following fines: USD 678,691 dollars to María Mercedes Bohórquez Bohórquez; USD 993,558 dollars to Mr. Jairo Maya Salazar; and USD 1,557,463 dollars to Mr. Calixto de Jesús Vega Navarro.

- BULK WATER SUPPLY - EAAB

By means of Resolution No. 53992 of September 14th, 2012, confirmed by Resolution No. 65650 of November 6th, 2012, the SIC sanctioned the Water and Sewerage Company of Bogotá E.S.P. – Empresa de Acueducto y Alcantarillado de Bogotá EAAB. The sanction was imposed because it was considered that the referred Company abused of its dominant position by pricing policies in the market for bulk water supply. This abusive behavior limits or restricts competition in accordance with section 4 of Article 50 of Decree 2153 of 1992 and Article 1 of Law 155 of 1959.

The anticompetitive behavior was exercised against the companies EMAR S.A. E.S.P. – EMAR and COOPJARDIN E.S.P. LTDA. - COOPJARDIN, providers of the public service of water supply, who compete with the EAAB in providing this service in parts of Soacha (EMAR) and Bogota (COOPJARDIN).

The fine imposed went up to the amount of approximately USD 160,000 dollars.

- PRISONS

By means of Resolution No. 53991 of September 14th, 2012, the SIC sanctioned the companies CIPECOL LTDA. and RAPISCAN SYSTEMS INC., which formed the temporary union known as CÁRCELES 2008, and the companies ANDCOM LTDA., EGC COLOMBIA LTDA., INGENIERÍA Y TELEMÁTICA G & C LTDA., INTERAMERICANA DE SISTEMAS Y SEGURIDAD INTERSEG S.A., UNIÓN ELÉCTRICA S.A. and MELTEC COMUNICACIONES S.A., which formed the temporary union known as SEGURIDAD CARCELARIA. The SIC also sanctioned the legal representatives of those companies and other natural persons who influenced the abbreviated selection process No. 01 of 2008 that was conducted by the Ministry of Interior and Justice.

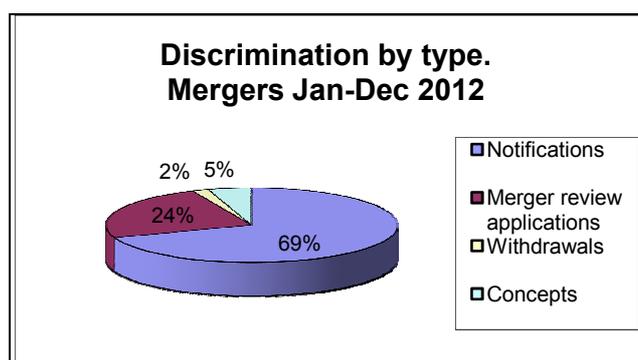
The SIC found that the referred companies and individuals made a collusive agreement in order to achieve the awarding of the contract offered by the Ministry in favor of the temporary union SEGURIDAD CARCELARIA. Accordingly, it was considered that they infringed the provisions of section 9 of article 47 of Decree 2153 of 1992, and the provisions of article 1 of Law 155 of 1959. The fines imposed went from the amount of approximately USD 33,900 dollars, to the amount of approximately USD 662,000 dollars.

2.2 Mergers and acquisitions

2.2.1 Statistics on number, size and type of mergers notified and/or controlled under competition laws

7. Between January and December 2012, 167 assessments were conducted by the Mergers Group. It represented an increase of 33.6% compared to the 125 that were done in the previous year. 116 of them corresponded to notifications, 40 to merger review applications, and the remaining corresponded to withdrawals and concepts. The following graphic shows the types of assessments that were conducted by the Mergers Group during 2012, with their respective participation:

Graphic No. 1. Types of assessments conducted by the Mergers Group - 2012



Source: Mergers Group.

8. The following table shows average response times for each kind of study that was conducted by the group:

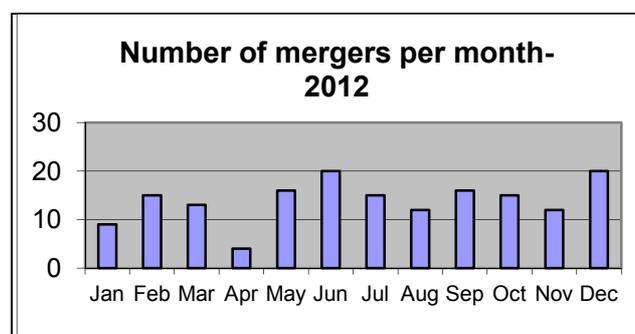
Table No. 1. Average response times

Notifications:	1.35 days.
Merger review applications:	1 month and 3 days.
Concepts to the Financial Superintendence of Colombia:	13.8 days.

Source: Mergers Group.

9. The evolution of all the assessments that were carried out in this Group is illustrated in the following graphic:

Graphic No. 2. Assessment carried out by the Mergers Group – Per Month - 2012



Source: Mergers Group.

10. The following table represents the assessments and studies that were done in the Division during 2012, according to their category:

Table No. 2. Summary of mergers' assessments according to their category – 2012

MONTH	Notifications	Merger review applications	Withdrawals	Concepts	Total
Jan	6	3	0	0	9
Feb	9	4	1	1	15
Mar	9	4	0	0	13
Apr	3	0	0	1	4
May	11	5	0	0	16
Jun	15	3	1	1	20
Jul	7	7	0	1	15
Aug	11	1	0	0	12
Sep	11	4	0	1	16
Oct	12	2	0	1	15
Nov	9	3	0	0	12
Dec	13	4	1	2	20
	116	40	3	8	167

Source: Mergers Group.

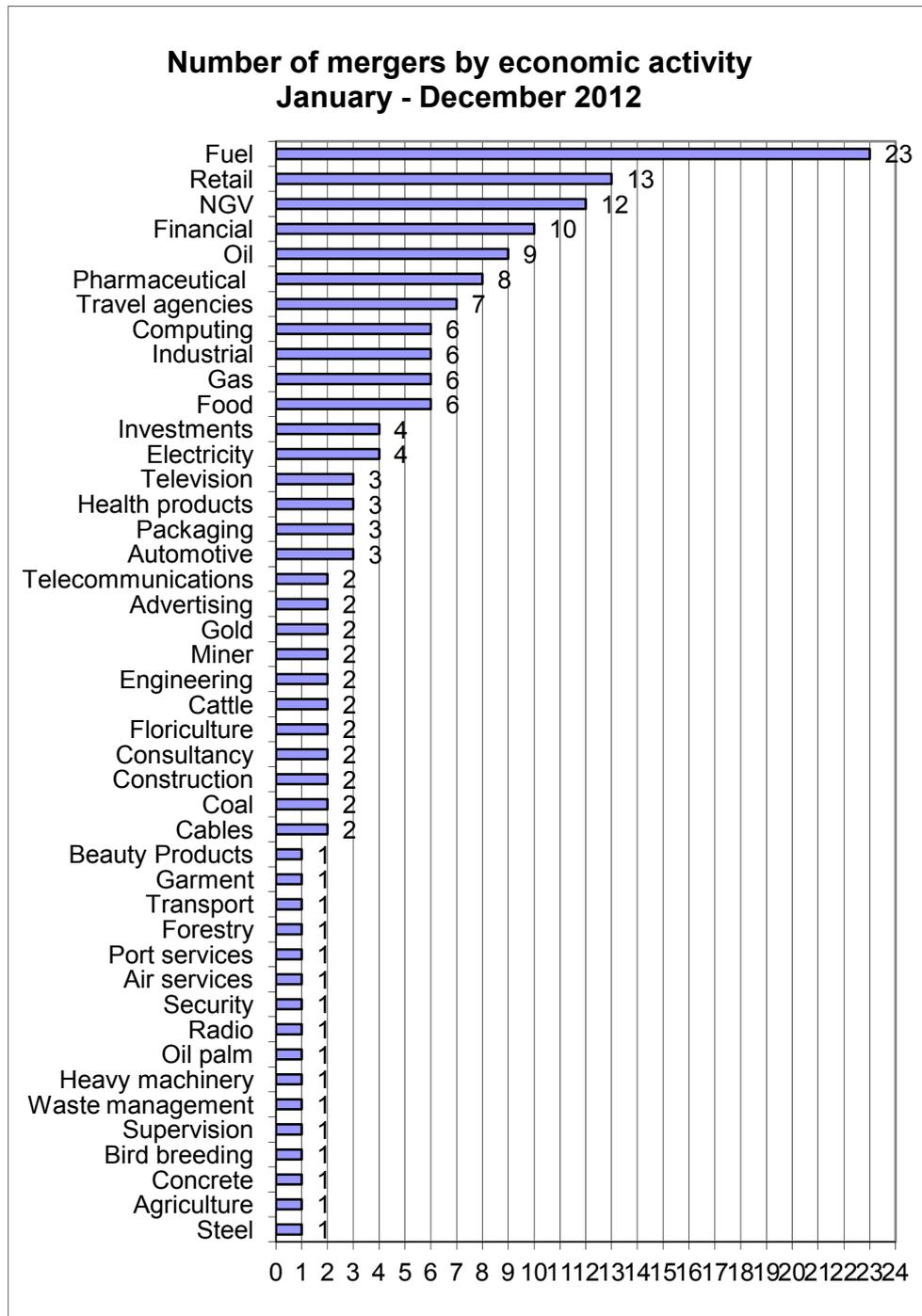
11. Some of the most important notifications and merger review applications' processes that were handled by the Mergers Group during 2012 were: GAZEL S.A.S. and GRANDES SUPERFICIES DE COLOMBIA S.A.; JOHNSON & JOHNSON and SYNTHESIS INC.; WHIRLPOOL COLOMBIA and INDUSTRIAS HACEB S.A.; COLFAX CORPORATION and SOLDEX S.A.; SOLETANCHE-BACHY CIMAS, GEOFUNDACIONES S.A. and GEOCONSTRUCCIONES S.A.

12. It should be noted that the Group also studied cooperation agreements between AVIATUR S.A., VIAJES Y EXCURSIONES TURÍSTICAS EJECUTIVOS TOURS LTDA. and AVIATUR Y CORTÉS & CÍA., which were not objected.

13. With regard to the financial sector, the Group studied merger operations between CONFINANCIERA S.A., COMPAÑÍA DE FINANCIAMIENTO and BANCO DAVIVIENDA; FIDUCIARIA DAVIVIENDA and FIDUCIARIA CAFETERA S.A.; BANCO CORPBANCA COLOMBIA and HELM BANK S.A.; BANCO COLPATRIA MULTIBANCA COLPATRIA and SCOTIABANK COLOMBIA S.A. Moreover, various concepts were sent to the Financial Superintendence of Colombia in which the Group analyzed the potential effects on competition that the division of financial entities could generate, such as BOLSA OPCIONES BURSÁTILES S.A., BOLSA DE VALORES DE CORREVAL S.A. and ENER S.A.S.

14. The 167 assessments that were conducted during 2012 involved companies of different economic activities, which are presented below:

Graphic No. 3. Number of mergers by economic activity - 2012



Source: Mergers Group.

2.2.2 Summary of significant cases

15. Some of the most significant cases related to mergers and acquisitions conducted by the SIC during 2012, are the following:

- Sanction to TELMEX COLOMBIA S.A. for the breach of conditions

In compliance with the decision issued by the Council of State on July 7, 2011, in which the SIC was declared competent to meet and commence proceedings relating to the alleged breach of the conditions imposed by the CNTV to the television concessionaires TELEDINÁMICA and TELMEX HOME S.A. (now TELMEX COLOMBIA S.A.), this Office developed a series of activities to verify compliance with the conditions imposed during its term.

According to the above, the SIC established that by means of Resolution No. 1071 of September 7th, 2008, the CNTV approved the merger between the mentioned companies subject to the fulfillment of conditions. One of the conditions is read as follows:

"Shall not agree or enforce the terms of minimum stay or automatic extension in contracts with their subscribers, which must certify in each quarterly report in compliance with these conditions".

On this basis, the Superintendence established that TELMEX COLOMBIA S.A. after the approval of the merger between it and TELEDINÁMICA, agreed and made effective minimum permanence provisions for users of TV subscription service, in a flagrant violation to one of the conditions imposed by the CNTV.

Consequently, by means of Resolution No. 53296 of 2012, modified by Resolution No. 75599 of 2012, the SIC imposed a sanction to TELMEX COLOMBIA S.A. for the breach of the conditions for the amount of approximately over USD 6,000,000) and ordered the devolution of the money raised for the enforcement of the minimum stay clauses that during the term of the condition were collected. Nowadays, TELMEX COLOMBIA S.A. is processing the devolution of the money to the subscribers affected by the minimum stay clauses directly under the surveillance carried out by the SIC.

- JUMEX

On July 11th, 2011, the Superintendence of Industry and Commerce, requested information from JUMEX COLOMBIA S.A. regarding the fruit drinks market and the compliance with the conditions imposed to the companies GASEOSAS POSADA TOBON S.A. and PRODUCTORA DE JUGOS S.A., who in 2007 carried out a merger operation in the mentioned market. The Superintendence received no response, reason why on August 25th, 2011 reiterated the request of information, requirement that also had no answer.

After seeing that the company refused to provide the information requested, the SIC proceeded with the administrative process to establish if they should be sanctioned for the noncompliance of the conditions imposed by the SIC. Thus, by evidence of physical mail delivery it was determined that the mail was delivered to JUMEX COLOMBIA S.A. and therefore, the failure to submit the information requested constituted sufficient evidence to sanction the company for a value of approximately USD 5,000, decision confirmed by Resolution No. 13484 of 2012.

3. The role of competition authorities in the formulation and implementation of other policies, e.g. regulatory reform, trade and industrial policies

16. Under the provisions of Article 7 of Law 1340 of 2009, the SIC, as the National Competition Authority “(...) may issue a prior opinion in connection with state regulation projects that may have an impact on free competition in the markets. (...)”.

17. According to the above, for the year of 2012, 18 requirements of concepts were submitted by regulatory entities. Among the concepts issued by the SIC, is important to highlight projects in the telecommunication sector, as well as projects related to energy and gas presented by the CREG³ and the CRC⁴, which represented the 38.8% of the concepts issued.

18. During 2012, the divulgation work of the advocacy group remained, by sending the booklet to all entities with the obligation of presenting their regulatory drafts before the SIC, imposed under Article 7 of Law 1340 of 2009, for the latter to issue a previous concept regarding competition matters.

19. The Ministry of Commerce, Industry and Tourism, the Ministry of Social Protection and the Ministry of Mines, within the regulatory projects submitted to the SIC to study competition advocacy, submitted several draft related to technical standards among which stands out the rules of technical information applicable to the original stamped and appearance of seamless cylinders with high pressure used for industrial and medical gases, imported or manufactured in Colombia for marketing or use in Colombia presented for consideration to the SIC by the Ministry of Commerce, Industry and Tourism.

20. Among the projects submitted it is also important to highlight the project by which the access charges to mobile networks is regulated in a general manner, and which is applicable to all suppliers of networks and mobile services required by the CRC and the project of statute for risky situations in the shortages and rationing presented by the CREG.

21. Regarding the project of outgoing mobile voice presented by the CRC, the SIC considered that the measures contained in the draft did not tend to generate an anticompetitive effect within the relevant market of “Outgoing Mobile Voice” both at wholesale and retail level and “*on the contrary generates incentives to correct market failures evidence by the CRC (...)*”.

³ Regulatory Commission of Energy and Gas – CREG by its acronyms in Spanish.

⁴ Communications Regulatory Commission – CRC by its acronyms in Spanish.

4. Resources of competition authorities

4.1 Resources overall (current numbers and change over previous year):

4.1.1 Annual budget (in your currency and USD):

22. The following table presents the Annual Budget of the SIC⁵:

Table No. 3. Annual Budget of the SIC

Year	Annual Budget (USD) of the SIC ⁶	Annual Budget ⁷ (pesos) of the SIC	Annual Budget (USD) of the Division for the Protection of Competition (approx. value) ⁸	Annual Budget (pesos) of the Division for the Protection of Competition (approx. value)
2012	40,955,382	72.418.535.000	3,685,984	6.517.668.150
2011	28,464,630	55.298.237.600	2,561,817	4.976.841.384
2010	23,496,845	44.972.492.310	2,114,716	4.047.524.308
2009	18,600,674	38.024.055.568	1,674,061	3.422.165.001
2008	15,355,133	34.450.621.785	1,381,962	3.100.555.961

Source: Division for the Protection of Competition.

23. As it is shown above, since 2008 the resources destined to the Division for the Protection of Competition have raised in a 210%.

4.1.2 Number of employees (person-years):

- economists;
- lawyers;
- other professionals;
- support staff;
- all staff combined.

⁵ No other authority is mentioned in this point because after the enactment of Law 1340 of 2009 the SIC obtained the status of National Competition Authority.

⁶ Conversions are made at the Market Representative Rate (TRM in Spanish) of December 31 of each year.

⁷ These values are taken from the aggregate budget execution of each year. For 2011 and 2012, the values correspond to the item named "*current appropriation*", and for the prior years the values correspond to the item named "*final appropriation*". The names of the items change because after 2011 the accounting system of the SIC was modified. Annual budgets of the SIC can be seen at: <http://www.sic.gov.co/es/ejecucion;jsessionid=mkQVGLcctQevHWzZkmg407Wq.undefined>

⁸ Conversions are made at the Market Representative Rate (TRM in Spanish) of December 31st of each year.

Table No. 4. Number of Employees – Division for the Protection of Competition – 2008 - 2012⁹

	2008	2009	2010	2011	2012
Lawyers	15	13	17	14	26
Economists	10	8	8	10	19
Other professionals (accountants, business managers and engineers)	2	2	2	1	5
Support staff (assistants and secretaries)	3	7	3	3	3
Contractors (temporal officers)	9	36	5	32	3
TOTAL	39	66	35	60	56

Source: Division for the Protection of Competition.

24. From the information provided, it is worth noting that the number of permanent staff working directly with the SIC has increased considerably. Whereas in 2008 the Division had only 15 lawyers and 10 economists as plant professionals, in 2012 the number rose to 26 lawyers and 19 economists. The latter information represents increases of 73.3% and 90%, respectively.

25. Consequently, the number of employees that work by service agreements¹⁰ (contractors) has decreased over time. From 2009 to 2012, the number of contractors decreased in a 91%. This situation represents the purpose of the SIC of having a more stable professional staff and promoting long term goals among its human resources.

26. Finally, it is important to note that the number of other professionals such as accountants, business managers and systems engineers has increased: it went from 2 in 2008 to 5 in 2012; the latter represents an increase of 150%. This increase shows that the Division for the Protection of Competition has sought to consolidate a multidisciplinary team.

4.2 *Human resources (person-years) applied to:*

- Enforcement against anticompetitive practices;
- Merger review and enforcement;
- Advocacy efforts.

⁹ The information provided does not include the number of the employees that have worked at the Directorate of Chambers and Commerce and at the Deputy's Office. It only covers human resources applied to enforcement against anticompetitive practices, merger review and enforcement, and advocacy efforts.

¹⁰ This type of employees does not work directly with the SIC. Therefore, they pay by themselves their social security contributions.

Table No. 5. Human Resources within the Division for the Protection of Competition

		2008	2009	2010	2011	2012	
Enforcement against anticompetitive practices	Group for the Protection of Competition	Lawyers	10	8	12	8	19
		Economists	7	3	3	2	9
		Other prof.	1	2	2	1	1
		Support stf.	2	2	2	2	1
		Contractors	12	29	3	27	3
		TOTAL	32	44	22	40	33
	Inter-institutional Group of the Agricultural Sector (contractors)	Lawyers	4	4	4	6	
		Economists	2	2	2	5	
		Support stf.	1	5	1		
		TOTAL	7	11	7	11	
	Group of Bid Rigging	Lawyers					5
		Economists					3
		Other prof.					2
		Support stf.					1
		Contractors					
		TOTAL					11
	Group of Mergers - Advocacy efforts	Lawyers		1	1	0	2
		Economists		3	3	3	7
		Other prof.		0	0	0	2
Support stf.			0	0	0	1	
Contractors			7	2	6		
TOTAL			11	6	9	12	
TOTAL		39	66	35	60	56	

Source: Division for the Protection of Competition.

27. With respect to the enforcement against anticompetitive practices, it is important to clarify that in 2008 the Division for the Protection of Competition only had two groups dedicated to handle these types of cases: the Group for the Promotion of Competition and the Inter-institutional Group of the Agricultural Sector. The latter group was formed only by contractors, not permanent staff. The referred teams also conducted cases related to mergers.

28. In 2009, the Group for the Protection of Competition was created¹¹, and the Inter-institutional Group of the Agricultural Sector continued working. The agricultural team, however, had fewer members over time, taking into account the interest of the Division of consolidating a permanent staff.

29. In the same year, the Mergers Group was created¹² as a different team, so the former groups specialized themselves in competition matters. The Mergers Group was also meant to perform activities of competition advocacy.

30. In 2012 the Bid Rigging Group was created¹³ and all cases related to irregularities in procurements' procedures were conducted by this team. The Inter-institutional Group of the Agricultural Sector finally disappeared and almost all the lawyers of the Division became part of its permanent plant.

¹¹ The Group for the Protection of Competition was created by SIC's Resolution No. 56880 of November 5, 2009.

¹² The Mergers Group was created by means of SIC's Resolution No. 56878 of November 5, 2009.

31. With regard to the information provided in table No. 5, it is worth noting that the number of plant lawyers within the Group for the Protection of Competition increased in a 137.5% from 2011 to 2012, and the number of plant economists increased in a 350% in that group during the same period. The Bid Rigging Group added 5 additional lawyers and 2 economists to the permanent staff that was in charge of the enforcement against anticompetitive practices during 2012.

4.3 *Period covered by the above information:*

32. The period covered by the information provided above corresponds to the years of 2008 to 2012.

5. **Summaries of or references to new reports and studies on competition policy issues**

33. The Mergers Group from the Division for Protection of Competition is also in charge of carrying out the studies regarding different markets in Colombia. For the year 2012, the said group produced 9 studies in 2 main sectors, the financial and the real sector. The following are the studies produced by the Mergers Group:

Table No. 6. Studies produced by the Merger Group during 2012

Sector	Studies
Financial	Structure of the Financial Sector Pension Funds
Real	Tobacco Energy Travel Agencies Construction Private labels and provider surveys BPO Health

Source: Mergers Group.

34. On the other hand, one of the main achievements of the Superintendence of Industry and Commerce during 2012, under the modifications of structure introduced by the Decree 4886 of 2011, was the creation of the Economic Studies Group (ESG). By means of Resolution No. 22890 of April 19, 2012, the ESG of the SIC was created as a node of academic interaction and missional support for the Entity.

35. One of its main functions corresponds to the production of sector and market reports that serve as input for the prioritization of sensitive and appropriate sectors, in order to facilitate the administrative actions of the Entity. These studies include different aspects of the SIC's Divisions: i) consumer protection, ii) protection of competition; iii) industrial property, among others.

36. Additionally, it is expected that the results obtained from these reports constitute an input to the formulation of recommendations which support the design and implementation of public policy sectors, as well as for Divisions' planning exercises.

37. These studies are available at: <http://www.sic.gov.co/es/web/guest/documentos-elaborados-por-el-grupo-de-estudios-economicos>. Table No. 7 shows the abstracts of market and sector studies, which were written between April and December 2012.

¹³ The Bid Rigging Group was created by means of SIC's Resolution No. 22724 of April 18, 2012.

Table No. 7. Market and sectorial studies (April-December 2012)

Title	Abstract	Page
Automotive Industry in Colombia	Over the last decade, the automotive sector has been one of the most dynamic international registering an accelerated recovery behavior after the financial crisis in late 2007. In Colombia, this sector has a dynamic production and sales nationwide showing a significant growth. This paper makes a characterization of the sector and analyzes the policy issues associated with consumer protection, intellectual property, and competition under the scope of the free trade agreements.	106
Telecommunications Sector in Colombia	The telecommunications sector has been one of the most dynamic in recent decades. According to the World Bank (2012), in the last decade the mobile phone segment reported a growth of 707.41%. Colombia has not been foreign to this process of interconnection and has seen significant growth in the sector. This document provides a characterization of the sector in recent years and discusses possible effects on the degree of market competition that could result from spectrum allocation process in Colombia for 4G technology.	93
Cocoa Industry in Colombia	Cocoa is one of the main raw materials in Colombia, the country ranked 11th worldwide in the production of this product. About 40,000 hectares are produced annually in Colombia. This paper initially presents a characterization of the global cocoa market, followed by a description of the market in Colombia, through an analysis of the production department, purchasing and foreign trade and specifically Chain Cocoa beans.	50
Housing Sector in Colombia	The purpose of this paper is to present some stylized facts on the housing sector in Colombia, for an analysis of some indicators of concentration from operating revenues in 2011, which reported in the financial statements to the Superintendence of Companies. Also we specify a panel data model via series by department, allowing evaluation of the determinants of the dynamics of construction in Colombia during the period 2004Q1 - 2012Q2. In the final section, a summary of the regulation of housing policy in Colombia was organized into 5 phases (hygienist, institutional transition and corporate demand subsidy). In the fourth section we made final considerations.	78
Coffee sector in Colombia	This study aims to analyze the performance of the sector in the last decade and understand the background of the situation currently faced by farmers in Colombia. The paper presents a review of the main variables related to the production and marketing of coffee, at national and international levels. It is an exercise of application of concentration indices and volatility with respect to (i) the quantities exported and value of exports for coffee exporting companies, between 2007 and June 2012, (ii) operating income reported in the 2011 from financial statements of the companies controlled by the Superintendence of Companies and dedicated to roasting and grinding trade coffee and coffee wholesale trite. We suggest some risks related to competition, and describe the dynamics of industrial property related to the coffee industry (patents and trademarks); finally we made the review of the regulatory and artificial barriers to entry, such as technical barriers to trade.	153

Source: ESG.

38. In the same way, the ESG has among its functions the writing of research related to the development of academic papers that include transversal economic growth, innovation policy and business development, among other policies of national significance. These studies should provide continuous methodological improvements for the efficient development of SIC's institutional aspects and serve as an academic reference relative to the work done by the SIC permanently.

39. The studies are available at: <http://www.sic.gov.co/es/web/guest/estudios-academicos>. Table No. 8 shows the abstracts of academic papers, which were written between April and December 2012.

Table No. 8. Academic papers (April-December 2012)

Title	Abstract	Authors
Constructing a Regionalization Index for the National Industrial Property (SPI): An Approach from the Principal Component Analysis	Through the principal component methodology, this paper proposes an index of regionalization (IROPI) that allows an objective criterion for the location across the national territory of the industrial property offices in Colombia. Results from the index were complemented with a comparative analysis of transport costs, where the ultimate criterion of decision was based both on the results of IROPI as transport costs between departments. As a result, this prioritization exercise identified 6 potential cities, which by their socioeconomic characteristics, generation of technological innovation activities and strategic location are to be the most convenient to locate offices. The selected cities are: Barranquilla (Atlántico), Bucaramanga (Santander), Cali (Valle del Cauca), Pereira (Risaralda), Neiva (Huila) and Medellín (Antioquia).	Jacobó Campo Robledo Natalia Cantor Vargas Juan Pablo Herrera Saavedra Miguel de Quinto Arredonda Dennis Sánchez Navarro
Impact of Patents on Economic Growth: A Co-integrated Panel Data Model	This article presents an empirical model of non-stationary and co-integrated panel data to explain the impact of industrial property, measured by patents, on the GDP of 10 Latin America countries during the period 1990 to 2010. Apply traditional unit root tests and unit root test of art, which incorporates a structural break and the cross-sectional dependence, proposed by Hadri and Rao (2008). Through the Pedroni (1999, 2000, 2004) cointegration test, proves the existence of a long-term relationship between variables and estimates the long-run elasticities. The results show the existence of a positive relationship between the level of innovation and GDP.	Jacobó Campo Robledo
An Approach to Indicators Designed to Measure the Impact on Consumer Welfare	This paper presents some theoretical foundations underlying the welfare analysis that can be established in order to quantify the impact on consumers, when an agent violates the rights of purchaser and such behavior is reflected in a price increase. This exercise allows us to conclude that if it is possible to recognize some degree of imperfect substitutability between goods and services, which may be chosen by the consumer, then the equivalent and compensated variations will be an overestimation and underestimation, respectively, of the change in consumer surplus.	Juan Pablo Herrera Saavedra Jenny Paola Lis Gutiérrez
Collusion in Bidding Processes for Road Construction Projects: Modeling and Recommendations*	This paper is intended to design a framework that allows explaining the collusive that can arise in some types of public procurement processes that imply construction works in Colombia. For that purpose, a standard Colombian public procurement process for road works is taken as the base and, using a Harsanyi framework, best response functions are used in order to define the strategies of the colluded firms when facing competition from another non-colluded firm, whose offer will be perfectly foreseeable. The strategy of the cartel when facing more than one non-colluded firms is also studied. At the end, some recommendations to hinder the formation of these cartels are listed.	Miguel de Quinto Arredonda
<i>Numerus clausus</i> educational of medical specialist	In many countries, including Colombia, the pricing structure of specialists depends on the number of procedures performed. Therefore, in this structure the profits are determined by the total number of medical specialists in a specific field and students or residents who are training in that field. In this context, it is important to establish the way in which it is regulated the number of places for the training of residents in different specialties, in Universities and Medical Colleges, concept that is known as <i>numerus clausus</i> . This paper aims to demonstrate, based on a model derived from the theory of competition policy, how the number of places for the training of specialists is determined by medical specialists or medical societies, in order to maintain their	Natalia Cantor Vargas

Title	Abstract	Authors
Economic Compensation for Damages to Direct and Indirect Victims of Cartels: Legal Framework and Quantification*	<p>levels of high income.</p> <p>It is common in some jurisdictions that the parties that have been affected by the action of a cartel demand compensation for the economic damages caused. Nevertheless, this does not mean that the parties that have been affected by the cartel indirectly (that is, the buyers from the direct buyers from the cartel) have seen their demands accepted by the judge. This paper contains the tools for the quantification of the damages generated by an upstream cartel, both to its direct and indirect buyers, in order to offer a complete theoretical economic framework to contribute to the jurisdictional action in Colombia.</p>	Miguel de Quinto Arredonda
A Proposed Methodology for Defining Relevant Geographic Markets*	<p>The starting point of any analysis of competition is the proper definition of the market in terms of product and geographic terms. However, the boundary definition is not always easy, particularly when referring to spatial terms. Nevertheless, the definition of these market limits is final to predict the impact of any activity or operation on the degree of competition in a market. For this reason, this paper seeks to propose an alternative methodology for defining relevant geographic markets, retaking the Moran index and the spatial lag model (SAR).</p>	Dennis Sánchez Navarro

Note: * Studies relating to competition issues.

Source: ESG.

40. Likewise, it is responsibility of the ESG to present their results in high-level academic institutions and events that enable socializing technical efforts in researches conducted by the SIC and receive feedback from their subjects. Moreover, this kind of exercises permit strengthen, consolidate and create inter-agency ties and positive externalities which constitutes the work done by the Superintendence of Industry and Commerce. In 2012, presentations were made at Fedesarrollo, Departamento Nacional de Planeación, Simposio Internacional de Estadística and events organized by Universidad Nacional de Colombia, Universidad del Rosario, Universidad del Magdalena, Universidad Católica and Universidad Javeriana de Cali.

41. The ESG contributes to the continuous training policy for SIC's employees, providing courses to update knowledge on issues related to the area and economic instruments. In 2012, 8 training courses were made and covered the following topics: Descriptive Statistics, Economics Foundations, Electronic Resources Management and Financial Mathematics. It also provides support to the various departments, on issues related to assessment and economic projections.