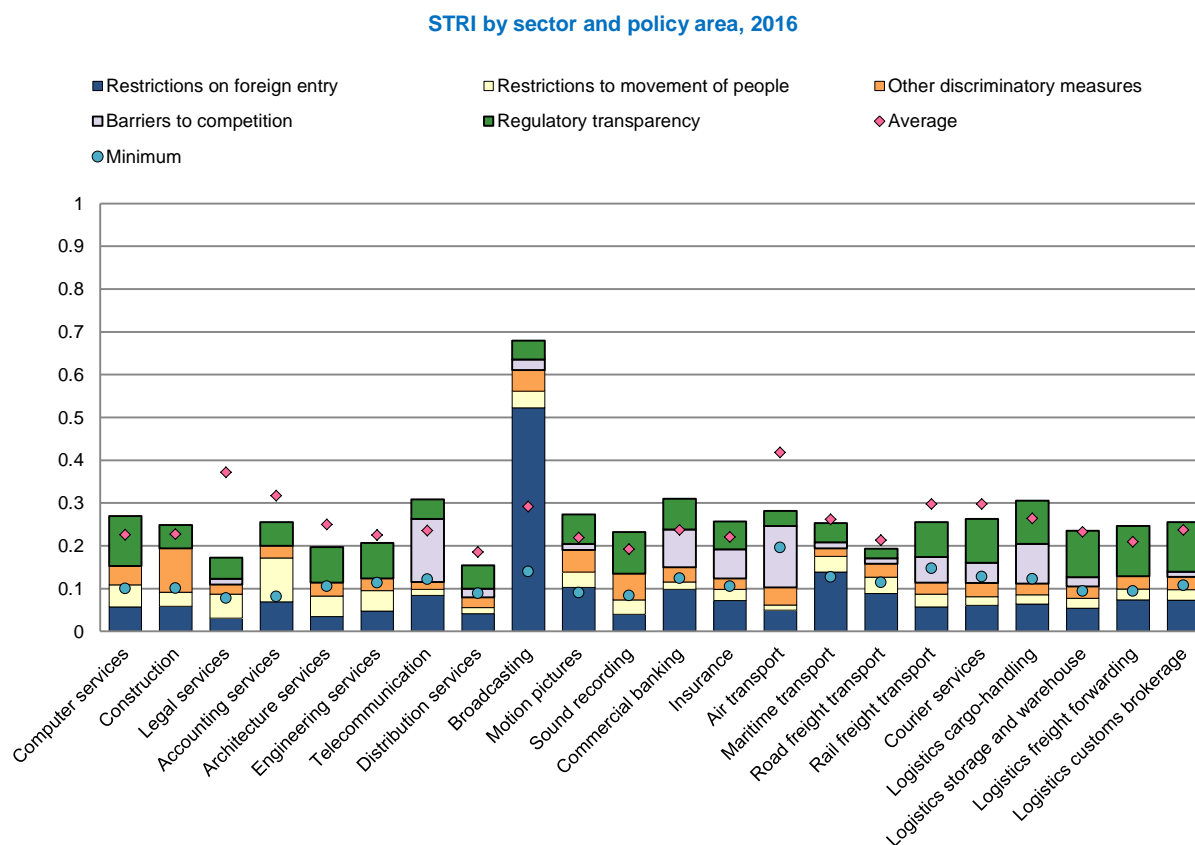


OECD Services Trade Restrictiveness Index (STRI): Colombia

Colombia exported services worth over USD 7 billion and its services imports amounted to about USD 11 billion in 2015. Travel services are the largest services exporting and importing sectors.

Colombia's score on the STRI in the 22 sectors is shown below, along with the average and the lowest score among the 44 countries included in the STRI database for each sector.



Note: The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which contains information on regulation for the 35 OECD Members, Brazil, China, Colombia, Costa Rica, India, Indonesia, Lithuania, Russia and South Africa. The STRI database records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. Air transport and road freight cover only commercial establishment (with accompanying movement of people).

Horizontal policy measures

Colombia has a below the average STRI score in 10 out of 22 sectors. Excluding broadcasting, foreign ownership is not restricted in any of the services sectors, and there are almost no horizontal restrictions to the movement of people, except for contractual service suppliers which may stay in the country for up to 6 months on their first entry permit. Nevertheless, some sectors impose minimum capital requirements, and in many sectors it is compulsory to establish locally to provide services. Colombia also maintains restrictions to the acquisition of land and real estate by foreigners along the coast and frontier areas. Transfer of data is possible only with countries that ensure a similar and adequate level of protection or when private data processors, both senders and receivers, establish various safeguards approved by the data protection authorities. In addition, in the public procurement market, there are preferential margins for bids using Colombian goods and personnel, and national firms, particularly local SMEs, are favoured over foreign firms in public tenders. Lastly, there is no general obligation to publish laws and regulations before they enter into force.

The sectors with the relatively lowest STRI scores

Legal services, accounting/auditing and air transport are the three relatively best performing sectors in Colombia. Legal services are rather open in Colombia, which has one of the lowest score in the sector among the 44 countries included in the STRI. Nevertheless, Colombia lacks a temporary licensing system for foreign lawyers and imposes restrictions on fee settings and on advertisement. In the accounting and auditing sector, the score is largely driven by the requirement to register in the national association of accountants, which entails three years domicile prior to registration and one year of local practice. Furthermore, the majority of the board of directors of accountant companies has to be composed of locally licensed professionals. In air transport services, Colombia imposes limitations to foreign participation in air carriers only for state-owned *SATENA*. Restrictions are mostly found in landing and take-off slots, which are not allocated according to competitive best practices. Lack of transparency in the awarding of contracts for universal service obligations also contributes to the index.

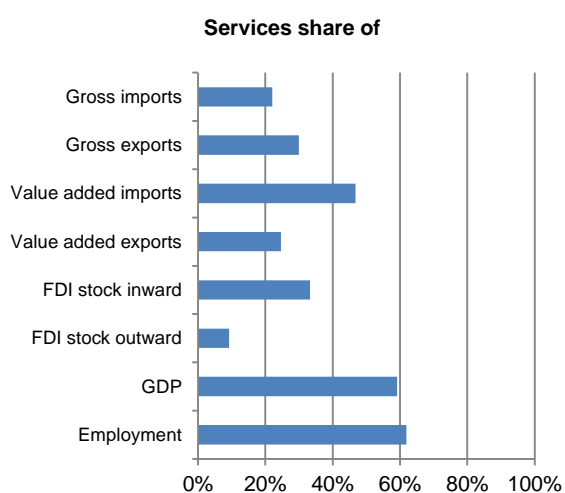
The sectors with the relatively highest STRI scores

Broadcasting, telecommunications and commercial banking are the three sectors with the highest score relative to the average in Colombia. In broadcasting, Colombia maintains a 40% foreign equity limit for public broadcasters and foreign investment is only allowed on the basis of reciprocity. The Colombian legislation also reserves 70% of screen time for local productions in prime time and 50% at other times, and a minimum of 10% of television airtime has to be dedicated to Colombian films. In telecommunications, commercial presence is required to provide telecommunications services and pro-competitive regulations are not all in place to ensure access for service providers. In addition, the government can overrule the decisions of the telecommunications regulator. In commercial banking, as in most countries, foreign banks have to establish locally to provide the full range of financial services. There are also restrictions on foreign branches and prior approval is required for new financial products. Contributing to the score is also the lack of independence of the supervisory authority.

Recent policy changes

There are no policy changes that affect the score on the STRI during the period 2015-2016.

Efficient services sectors matter



Services account for 30% of Colombia's gross exports, 25% of value added exports and one-third of inward FDI. Nevertheless, services share of export is lower than average. The STRI can be used to explore to what extent existing regulations explain this relatively low share and to identify best practice regulation that can help improve overall productivity and competitiveness. Services account for around 60% of GDP and employment, which implies that earnings and aggregate demand depends crucially on the productivity of the services sectors. Colombia could further improve the efficiency of its services markets by prioritising reforms that enhance competitiveness and create a more liberal regulatory environment that would facilitate foreign investment in services sectors such as broadcasting, commercial banking and telecommunications.

More information

- » Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org