



OECD Services Trade Restrictiveness Index (STRI)

COLOMBIA – 2023

Key findings

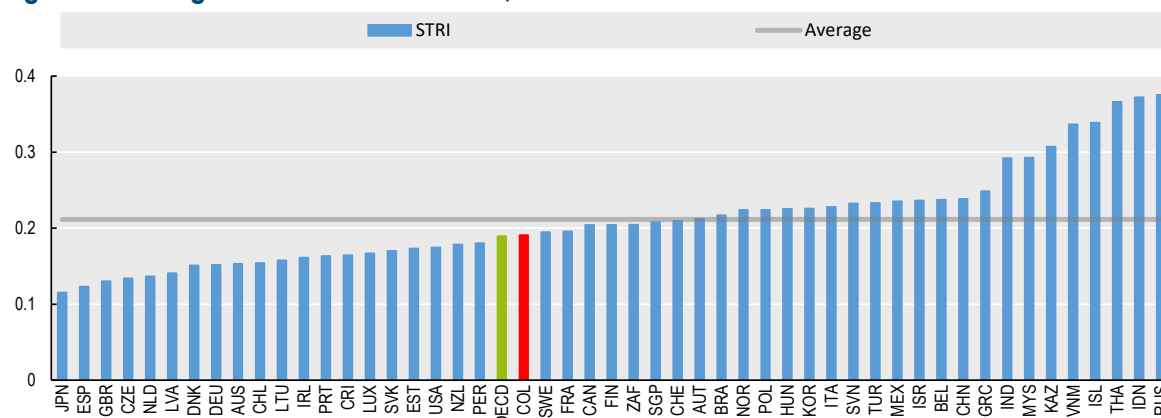
- The 2023 STRI of Colombia is slightly above the OECD average but relatively low compared to all countries in the STRI sample. The index has remained the same compared to 2022.
- Legal services are the most open sector in Colombia while broadcasting is the most restricted, relative to the sectoral average.
- Despite the overall favourable environment for services trade, Colombia recently introduced labour market tests for contractual and independent services suppliers, reducing the capacity for companies to recruit foreign providers.

Recommendation

- Trade in services strengthens resilience across supply chains, facilitating environmental sustainability and promoting greater inclusiveness. To ensure the benefits of open markets and a rules-based international trading system, national and multilateral action is needed to lower barriers and reduce trade costs, promote greater regulatory interoperability, and facilitate the digital transformation of economies.

The 2023 STRI of Colombia is slightly above the OECD average, but relatively low compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2023ⁱ



OECD (2023). STRI and TIVA databases.

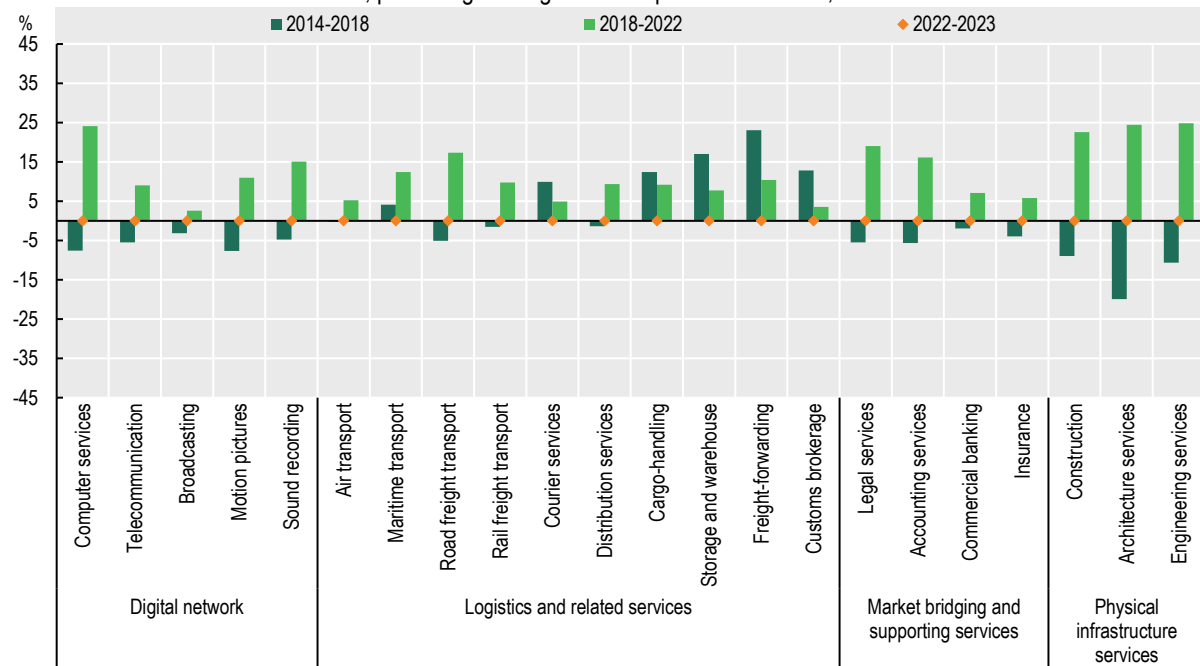
Colombia has some economy-wide restrictions, part of them recently adopted. In 2022, the country increased limitations to the movement of natural persons seeking to provide services on a temporary basis. *Resolución 5477* of 2022 reformed the visa system and put in place labour market tests for contractual and independent services suppliers if they are granted a *Visa V Prestador de Servicios, Obra o labor*. Now, a motivation letter is required from the hiring party, indicating the reasons why a Colombian citizen is not hired for the activity. Also in 2022, the time to process a business visa application increased from 5 to 30 days, and the number of documents needed to obtain it increased from 5 to 6, with the inclusion of the criminal record of the applicant issued by the country of residence.

Colombia maintains restrictions to the acquisition of land and real estate by foreigners along the coast and frontier areas. Foreign suppliers are only allowed to participate in public tenders based on reciprocity, there are preferential margins for bids using Colombian goods and personnel, and national firms, particularly local small and medium-sized enterprises, are favoured over foreign firms in public tenders when equal terms apply. Finally, the Colombian Tax Code includes a special tax to be levied on dividends and participations received by companies and natural persons non-resident in the country, creating a restriction on subsequent transfers of capital and investments.

The STRI for Colombia captures an overall tightening trend in the regulatory environment during 2014-23 (Figure 2). This is explained by new restrictions affecting the movement of people and regulatory transparency for all sectors, as well as by barriers introduced in sectors like logistics, courier, and distribution services. Some reforms attenuated the restrictive trend, such as the introduction of a procedure to enhance public participation in the elaboration of regulations. This procedure is open to interested persons, including foreign suppliers. However, the index in 2023 is higher than in 2014 and did not change since 2022.

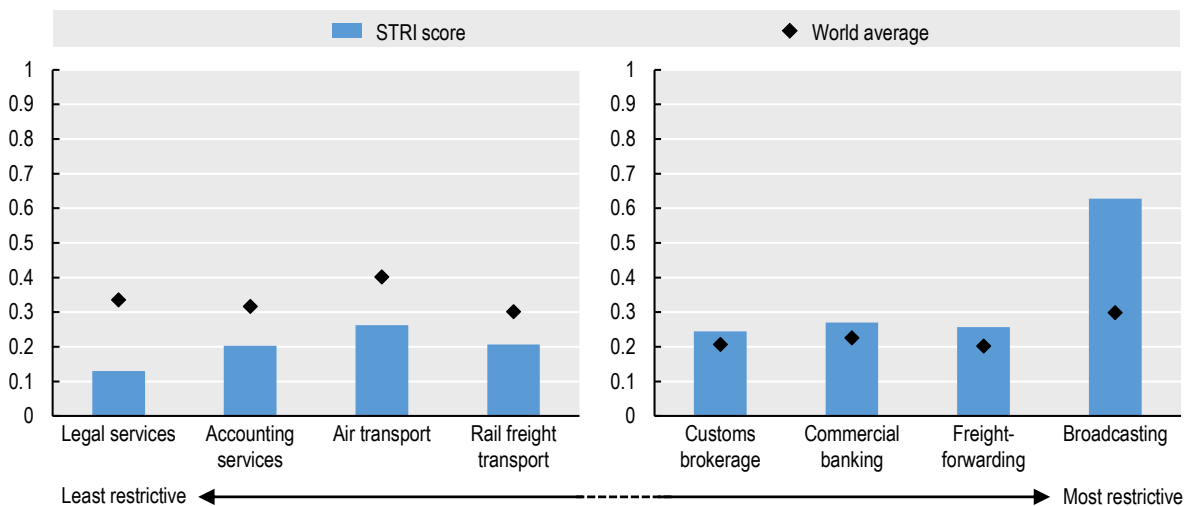
Figure 2. Evolution of STRI indices by sector in Colombia

Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



OECD (2023). STRI database.

Figure 3 ranks Colombia's sectors relative to the respective sector's world average. Legal services, accounting services, air transport and rail freight transport are the sectors with the relatively lowest scores. Conversely, logistics customs brokerage, commercial banking, logistics freight-forwarding and broadcasting are the sectors with the relatively highest scores.

Figure 3. Sectoral breakdown - The least and most restricted sectors in Colombia compared to world average

Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

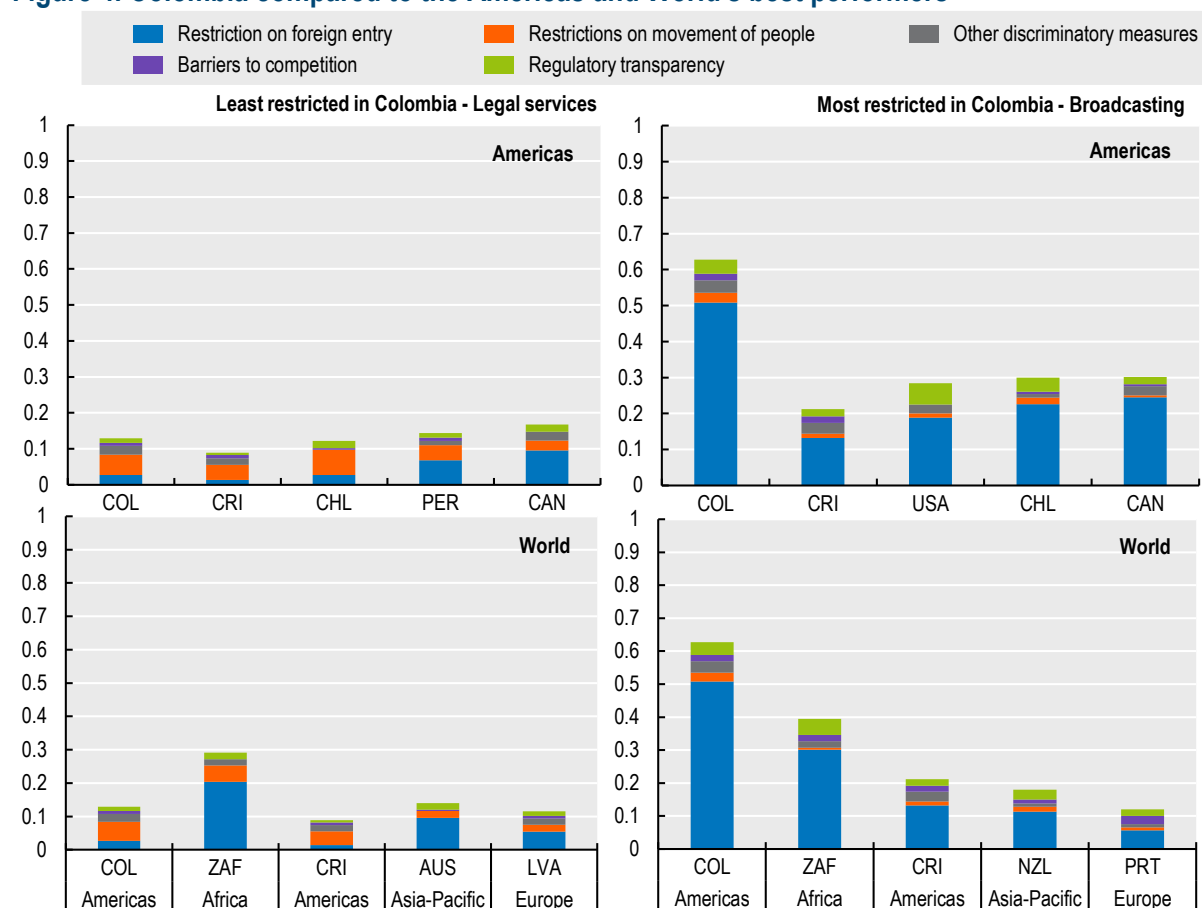
i.e. $(STRI_{\text{country, sector}} - STRI_{\text{world average, sector}}) / STRI_{\text{world average, sector}}$

Source: OECD (2023). STRI database.

Legal services are the least restricted in Colombia compared to the average STRI across all countries. It is an example of good practice in eliminating restrictions on foreign entry and barriers to competition. On the other hand, broadcasting is the most restricted services sector in Colombia compared to the average STRI across all countries. The restrictions on foreign entry are very significant compared to best performers in the Americas and world best practice. Restrictions in this sector include limitations

to foreign investment in firms with a television broadcasting concession, where foreign equity shares are only allowed on the basis of reciprocity and up to 40% of the shares. There are also limitations to foreign investment in publicly controlled firms, where only public entities can hold shares of the public television service (Figure 4).

Figure 4. Colombia compared to the Americas and World's best performers



Source: OECD (2023). STRI database.

Recent policy changes

In 2022, Colombia reformed its visa system and established labour market tests for foreign contractual and independent services suppliers if they are granted a *Visa V Prestador de Servicios, Obra o labor*, requiring a motivation letter from the hiring party indicating the reasons why a Colombian citizen is not hired for the activity. Also in 2022, the time to process a business visa application increased from 5 to 30 days, and the number of documents needed to obtain the visa increased from 5 to 6, with the addition of the criminal record of the applicant issued by the country of residence. The cost of obtaining a business visa also increased.

In 2021, the country narrowed down its *de minimis* regime for internal tax for goods imported via postal traffic, urgent shipments, or fast delivery whose value do not exceed USD 200. Previously, the regime applied to all countries, but a reform restricted it to goods arriving from countries with which Colombia has a Free Trade Agreement in force.

More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>
- » Read more about [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org

ⁱNote: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2023. The STRI regulatory database covers the 38 OECD Members, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand and Viet Nam. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.