Universidad Del Rosario

Colombia's Accession to the OECD: Potential Impacts on Trade in Financial Services and a comparison with the effects in Chile and Mexico

Master Thesis

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Abstract and Key Words

Purpose: Identify how the flows of trade, foreign direct investment (FDI), and portfolio investment in banking and insurance sectors between Colombia and OECD members could be affected with Colombia's possible entry to the OECD.

Methodology: A review of the historical flows of international trade between Colombia, Mexico and Chile with the OECD members, after and before their accession was made. A descriptive analysis was used to evidence the higher growth and volume of those flows after the entry and finally a threat-and-opportunities analysis for the financial sector was developed under the scope of those opportunities.

Findings: The relevance of the OECD members was demonstrated in terms of flows of trade and services, nevertheless the membership to the organization is not clear enough to increase the flows between the members. In terms of flows of financial services the OECD membership plays a more important role and shows significant increase of the volumes and actors in the sector.

Limitations: The data set used for this analysis did not allow the construction of a deeper or stronger econometrical analysis.

Recommendations: Use a more complete data set once there are more observations (years or countries).

Key Words: OECD, financial services, FDI, Exports, Imports,

1. INTRODUCTION

1.1. Problem, Research Question, and Objectives

In November of 2011, after the visit of three members of the OECD executive board, Juan Manuel Santos, president of Colombia (2011), announced his desire for Colombia to become a member of the OECD. In his speech, the OECD entry was exposed as the opportunity to belong to a group of nations, where the best practices in public politics are developed and being used. In addition, the entry would give Colombia better chances to improve its economy through new flows of foreign investment. The process formally began in 2013, and even though it could take a couple of years, up to December of 2016, 15 of the 23 required committees have expressed their approval and the entry seems to be closer than ever. Consequently, the purpose of this thesis is to analyze the OECD and its effect in the countries who belong to it, placing the focus in commerce and investment flows, to determine if there will be an impact in the financial sector in Colombia, especially in the services trade, portfolio, and foreign direct investment capital flows in banking, pension and insurance companies.

With this in mind, this text will begin by explaining what the OECD is, who its members are, how the organization works and the requirements to belong to it. There is a study, on one hand, of the behavior of the main flows of the balance of payments (BoP) of members and how they have evolved and, on the other hand, how the flows between those members and Colombia have evolved to determine if the OECD members are important to Colombia's economy. Furthermore, the cases of Mexico and Chile, two nations with cultural and geographical characteristics similar to Colombia's, were considered to define if their entry to the OECD had an impact on their trade and investment flows. Finally, this work analyzed the evolution of flows in banking, pension and insurance sectors in those countries to identify how the flows evolved in those cases before and after the OECD entry and determine if the effect could be replicated in the Colombian market, specifically in the insurance sector.

General objective.

- Identify how the flows of trade, foreign direct investment (FDI), and portfolio investment in banking, pension, and insurance sectors between Colombia and OECD members could be affected with Colombia's possible entry to the OECD.

Secondary objectives.

- Define the main benefits the OECD membership has generated for the organizations working in members' countries.

- Identify if the OECD current members have an important role in the commercial relations of Colombia.

- Distinguish if the OECD membership increased the flow of goods, services and FDI in two other Latin-American countries that belong to the organization: Chile and Mexico.

- Identify if the OECD entry increased trade in the financial sectors in Latin-American countries, especially, in Chile and Mexico.

1.2. Methodology

This research was developed through 4 chapters, each one with one objective. The first one is used to provide context. It starts with a literature review to define what the OECD is, who are its members, how it works, and how a country can become a member. Once that is demarcated, it is exposed what the changes required by the committees during the accession process are. Later, the theoretical and empirical benefits of the membership are exposed in relation to the growth of the trade flows, FDI, and cooperation. Finally, with data from the National accounts of the World Bank of the imports and exports and its growth rate, the trade behavior of the members versus those who are not is analyzed. The purpose of the chapter is to find if being a member of the OECD has a relative impact on the economy of a country.

The second chapter talks about Colombia and how important the OECD members are to the country. This is developed with a descriptive analysis of the cooperation flows, the trade and the FDI flows supported with a review of historical data that contribute to this analysis. Data of Technical Cooperation Flows and the BoP from the National Accounts of the World Bank and the Central System of Statistics of the International Monetary Fund since 1960 were taken to define how representative the flows of goods, services, and investments of the OECD members in the Colombian economy are. The statistical analysis is based on descriptive statistics. Moreover, the next chapter analyzes if the OECD entry generated changes in the BoP in countries with similarities to Colombia, who already are part of the group. This was carried out with the same kind of analysis used in the previous chapter and data from Chile and Mexico, from at least 5 years before and after their entry to the OECD. An econometrical analysis was consider here to compare the difference of the flows after and before the accession, but was discarded due to the short period of time and the noise in the general trade generated by Free Trade Agreements (FTA). This analysis is supported with a literature review of the accession process of those countries and an analysis of the impact that its membership has had since then. The purpose of this chapters is to define if OECD members have a relevant importance in the commercial relations of other countries who are members or are in the process of accession in Latin America, and if the end of the process (with a positive result) has an impact on the flows of the variables here studied: FDI, Exports and Imports of goods and services.

In the last chapter, the financial and insurance sector was analyzed, first through a statistical analysis of it, its size, its evolution, and the international trade activities related with insurance, reinsurance and financial services. Secondly, the evolution of the financial trade flows of the OECD countries in Colombia in those sectors and a comparison with the same evolution in Chile and Mexico before and after their entry to the OECD. And finally, there is an analysis of the conditions that the OECD accession process, generates in terms of opportunities and threats for the insurance sector and what the strategies and movements taken by them to affront the change are using for that, a Porter’s point of view for generic strategies: differentiation in costs or differentiation in product.

2. OECD: GENERAL RULES AND ACCESSION PROCESS

2.1. What is the OECD?

With the end of the Second World War, the need for a fast recovery of the economy and the infrastructure of Europe was seen. Several countries started the reconstruction process and developed economic plans to incentivize the agricultural and industrial sector. In addition, the United States of America saw the opportunity to strengthen the relationship with the European countries in the long term and launched the Marshall Plan. The Marshall plan was an economic program that gave money to the European countries to help them in the reconstruction process. In that moment, the OEEC (Organization for the European Economic Cooperation) was established and designed as the manager of the funds that would be delivered to the favored nations (Berle, 2015).

Originally, the OEEC had 18 members: Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, United Kingdom, and Western Germany. The OEEC oversaw the distribution of the funds, but it also got some tasks in the exports and imports regulation when all the subsidies given to the countries to the exporters started to generate market disruptions. Since that moment and up to date, one of the principles of the OEEC, and later the OECD (Organization for Economic Co-operation and Development), is the liberalization of the market within its members, but under competitive conditions (OECD, 2011a). Other objectives of the OEEC were the promotion of the cooperation between participating members, the study of the feasibility of creating a customs union or a free-trade area, and the achievement of conditions for better labor utilization. After 1961, the OEEC turned into the OECD when the United States and Canada became active members.

Nowadays, the OECD has 36 members (Japan, Finland, Australia, New Zealand, Poland, Hungary, the Czech Republic, Slovakia, Mexico, South Korea, Slovakia, Chile, Slovenia, Israel, Estonia and Letonia) and it describes itself as “a forum in which governments can work together to share experiences and seek solutions to common problems" (OECD main website). The OECD members produce 65% of the world GDP and global trade. The Headquarters are in Paris, France, and it is composed of a council, the committees and the secretariat. In the council, there is at least one representative of each member country and a representative from the European Commission. The committees are working groups where experts from any of the 35 countries (or external) meet to discuss and work on specific topics. Up to today, there are more than 250 different committees that meet at least once per year. Finally, the secretariat oversees the administrative work and the help desk for the council and the committees.

The work of the OECD consist mainly of collecting information, processing and analyzing it and then elaborating structured reports to help the governments improve their social, economic and environmental policies. This goes along with a continuous follow-up and elaboration of projections for the peers, who discuss the different approaches and situations in the member countries and develop overviews in the committees. These overviews are periodically published in the different documents the OECD releases, as the OECD Economic Outlook, the OECD Factbook or the Economic Surveys. The result of years of cooperation and analysis of information regarding different political and economic issues has led to the creation and continuous improvement of the standards they propose and lead (OECD main website), the topics of these standards will be explained later.

2.2. The Accession Process

To become a member of the OECD, a country needs to prove its commitment to the fundamental values of the organization. The values include a government based on a pluralist democracy, the respect for human rights, the aspiration and guarantees for a transparent and open market economy and the compromise to growth through sustainable development. In addition, the new member must accept the aims of the organization, its protocols and resolutions, rules and regulations adopted by the council. The instrument to guarantee this is a formal evaluation of the country's status and policies by each of the main committees. That evaluation ends with the approval, the approval under condition or the rejection of the country from each of the evaluators committees. The main topics evaluated are as described in table 1.

Table 1: Main Goals of OECD Committees

Committee:	***Main Goal***
Agriculture and fisheries	To analyze the practices and policies regarding topics like the response to a growing demand for food and non-food uses of agricultural commodities; the use of available land, water, and biodiversity; and the adaptation and mitigation of the effects of climate change (OECD, 2016a).
Bribery and corruption	Works in the development of policies, legal instruments, and recommendations to avoid bribery in international business and to fight corruption in the public sector (OECD, 2014a).
Chemical safety and biosafety	To assist members' efforts to protect human health, make chemical control policies more transparent and efficient, and prevent unnecessary distortion in the trade of chemicals.
Competition	Encourages members to consider structural separation as a mechanism for enhanced competition and to avoid market disruptions. Evaluates the different natural monopolies that exist in the member countries, for example, gas, electricity, rails, telecommunications, etc.; and generates recommendations to increase the countries' welfare. (OECD, 2016b)
Corporate governance	Helps policy makers to evaluate and improve the existent framework in their own countries. The committee works in legal, regulatory, and institutional fields and works in favor of economic efficiency, sustainable growth and financial stability (OECD, 2015a)
Development	To improve the life quality in developing countries. The OECD follows the UN stablished goals for 2030 including poverty elimination, health and education global access, gender equality, clean energy use, peace, etc.
Economy	It is one of the biggest committees and continuously works with others. The main purpose is the development of policies that enhance

	economic growth and, within, prosperity, employment, education, health care, and freedom. There are 10 key topics: primary and secondary education, higher and vocational education, economy-wide regulation, sector specific regulation, physical and legal infrastructure and public sector efficiency, R&D and innovation, efficiency of taxation, Gender, Labour protection, and activation and social policies (OECD, 2017).
Education	The main aspects analyzed here are early childhood, the skills beyond school, innovation in education, the labour markets, human capital and inequality; and research and knowledge management. This committee is also responsible for the Programme for International Student Assessment (PISA).
Employment, and Industry and entrepreneurship	Works on the impact of policies on the labour market, focusing on how labour markets function and the implications for policy in order to promote more and better jobs. Some of the qualities under study include the job quality, the skills required at jobs (also to work in the policies development for education), the impact of structural reforms, gender gaps, etc. (OECD, 2016c).
Environment, and green growth and sustainable development	Evaluates the performance of the members in biodiversity, water and resource management; climate change, consumption and environmental innovation; and the environmental impact of policies in development, trade, transport and waste.
Finance and investment	It is in charge of the review of policies regarding financial markets, monetary and financial issues, insurance, pension funds, public debt management, and financial education and consumer protection. Its goal is the fragmentation reduction, and with it, the encouragement needed in growing industries (OECD, 2016d).
Health	Acting as a partner, the health systems are continuously evaluated and measured by the OECD to identify which policies improve efficiency, quality and access.

Innovation and internet	It manages transversal topics, becoming one of the most extensive committees, working hand by hand with the rest to develop and improve the practices that improve life quality. From those working teams, the goal is the spread of internet access and within it, governmental presence in topics such as economy, health, and education.
Insurance and pensions	To ensure the effective development of policies in the insurance and pensions sectors, knowing that the main actors in these sectors help governments at critical points: crisis and risk management and pensions.
Migration	To help the governments in international migration policies and how to handle the migration phenomena to improve the country's development for nationals and foreigners. Within this committee, the refugee crisis is being worked on.
Public governance	This committee covers topics like budgeting and public expenditures, digital government, fighting corruption, public employment, public finance and fiscal policy, regional development, risk management and accountable and effective institutions.
Science and technology	To ensure that member countries fulfill safety standards in the development of nanomaterials and nanotechnology, biotechnology, and also, functions as a space for cooperation between countries.
Social and welfare issues	To develop and measure policies that directly affect social welfare. The findings have shown that the crisis particularly affects young people and the main purpose is to fight against the main causes of the problem: lack of training, unemployment, income inequality, poverty, life satisfaction, crime and prisoners, etc. (OECD, 2016e)
Tax	As a governments association, one of the more developed committees is the one concerning taxes. From this committee they work on the different taxes each government uses and how they affect public policies deployment. Some of the sub-committees are: tax planning, consumption tax, tax administration, tax collection, tax and crime and transfer pricing.

Trade	It is one of the first and biggest committees. It works in benefit of trade liberalization, the services trade, non-tariff measures, trade facilitation, and the impact of the trade in the environment and development. Its aim is to create a better understanding of how trade influences and improves economic growth, helps economies bring down the barriers to international trade, but also supports countries in the development of Value-Added industries to avoid submission to the raw-materials economies.

Source: Own compilation based on OECD documents

As a result of the committees' review, after accession to the OECD, all public processes and policies have been proved to follow the main purposes of the OECD, therefore, the country has a higher credibility in the international context. The possibility to bring the internal policies and plans to the committees lets a member country ask and discuss with experts its development plans and implement them with the help and support of the whole OECD. Finally, as an OECD policy, all the results and development indicators are to be public and periodically measured with defined standards, making known which policies are being more successful than others. Consequently, the standards and the better structured policies can lead to an increase in the welfare of the economy, and with that, higher trade, better life quality, and growth levels (Morande and Diaz, 2010).

The next aspect to be explained is how the OECD membership works in four aspects: transparency perception, cooperation between member countries, trade, and FDI flows increase.

2.3. Benefits of the Membership

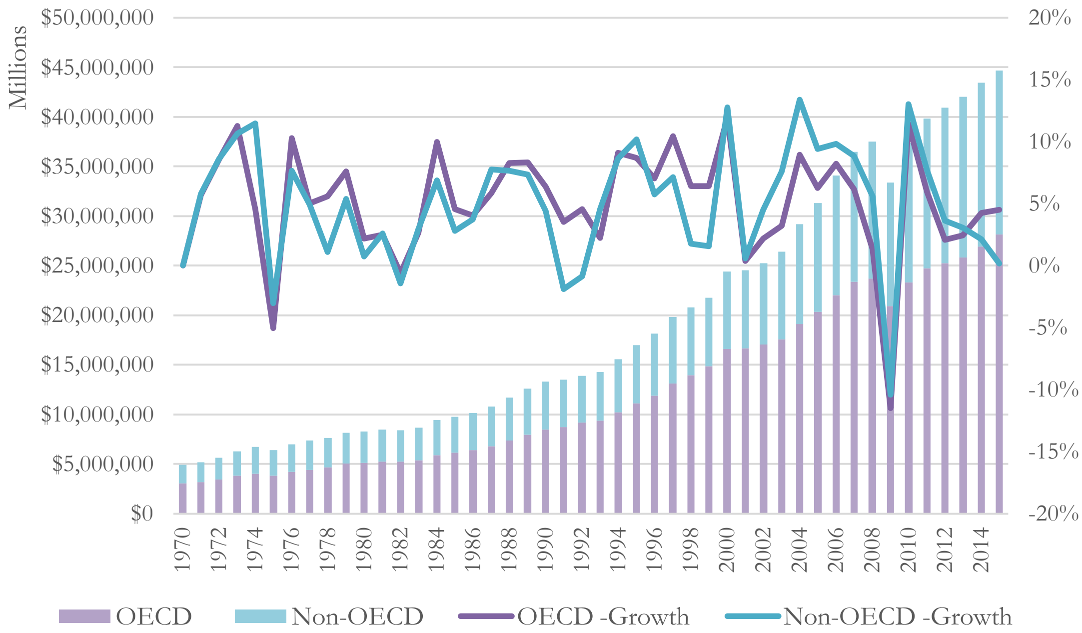
The increase in the perception of transparency has benefits like the described by Ramasamy and Yeung (2010), who proved the positive correlation between the transparency index and the FDI attraction in the industrial sector inside OECD countries. With a higher FDI in the industrial sector, the economy gets accelerated, generating more employment (Kolstad and Villanger, 2008), and increasing the volume of exportations and industrialization (Luminiţa, Ş., & Magdalena, R. 2012). These are reasons to desire an increase in the transparency perception of a country, and one of the ways countries are benefiting from the OECD's international standards and even work on becoming new members of it.

A similar effect was found by Drabek and Payne (2001) when they evidenced that the implementation of accounting standards (in that specific case, the IFRS adoption) makes countries more attractive to the FDI, due to the ease in comparing the financial information and the information asymmetry between companies and countries.

The second most known benefit of the OECD is the cooperation. Defined as the pursuit of absolute or relative combined benefits with reciprocity (Keohane, 1986), the OECD has cooperation as one of their functional pillars, even being in the very name of the organization. By belonging to the OECD, members can access hundreds of experts to evaluate their own public policies in each of the committees. In addition, the continuous measurement and control of performance indicators allows to visualize the quantitative impact of the actions taken by each one of the members or participant States. Notwithstanding the way the organization works has been criticized for being a mechanism by which the stronger members extend their own policies and interests (Grieco, 1992), the organization declares to work in line with the general interest and following the philosophy of liberalization of markets and democracy.

The third of the benefits that is widely mentioned is the increase in trade. To accentuate the importance of trade in an economy, Frankel and Romer (1999) proved the positive correlation between international trade and income. What they demonstrated is that the countries with higher levels of international trade have the highest living standards and a higher income per capita, regardless of the geographal conditions and distance between partner countries. Besides this, Rose (2005) found that out of all the international organizations related to international trade, the OECD has the highest correlation between trade and membership, higher even than the one found for the GATT and the WTO. With that in mind, the OECD membership can be seen as a significant step for the countries who favor the expansion of trade as a policy to increase the welfare of the people.

Figure 1: World Trade (Imports plus Exports). Values in 2010 USD values



Source: Own elaboration with data from the World Bank National Accounts

In the figure 1 it is possible to visualize the evolution of the trade levels of the countries members of the OECD since 1960. The average growth of trade (Imports plus exports) in the OECD countries was 0,15% higher per year and the exports growth almost 0,4% more on average per year than in the non-OECD countries. The bar is composed by the exports and the imports in simple sum and defined in the following way: Exports or Imports of goods and services represent the value of all goods and other market services provided to the rest of the world. They include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services; such as communication, construction, financial, information, business, personal, and government services. They exclude compensation of employees and investment income (formerly called factor services) and transfer payments. The data used are in constant 2010 U.S. dollars.

The line is the yearly growth of the total amount, calculated as the percentage variation between the current year and the previous one and its' axis is located on the right side of the graph.

Finally, the last of the benefits here explained is the foreign direct investment (FDI). According to the World Bank, this is the flow of investment necessary to acquire a long-term management interest (more than 10 % of voting stocks of a company) in an enterprise operating in a different economy than the investor's. It is equal to the sum of equity capital, reinvestment of earnings and other long-term capitals. A net negative flow represents the entry of foreign capital to a country. In the Balance of Payments and International Investment Position Manual (BPM6) financial account balances are calculated as the change in assets minus the change in liabilities.

Ramasmy and Yeung (2010) proved that the OECD membership attracts FDI. Although they found that there are other determinants that are more representative for FDI attraction, as education levels, the country's infrastructure and the long-term interest rates, this study also found a positive correlation between the FDI and the OECD membership. In addition, Markusen (1983) proved that the FDI generates an increase in the exports in the sectors that it affects. That means that an increase of FDI causes a national production growth and generates an exportable surplus. This positive relation was also proved in empirical examples by Pfaffermayr (1994).

Understandably, not all the effects are benefits. The market liberalization expose industries to a competition with products and services developed in countries with a higher efficiency. That represents a treat for the companies operating in those economical activities and within the job positions and the economic structure based on those businesses. Also the firsts FDI inflows are usually directed to extractive industries, industries that can contaminate or segregate other activities with higher added values, as in Colombia, where the 30% of the inflows in the last 20 years have been directed to mining and oil and gas activities (Moyano & Gil, 2015).

In conclusion, it has been shown that the OECD membership generates benefits in four ways; the transparency perception, by means of international standards and the OECD support; improving the organizational environment for companies who want to invest in the country through FDI; cooperation in the development of efficient public policies and in concordance with the free market, democracy and sustainability philosophies; an increase in trade, as much in imports as in exports; and finally, with the increase in FDI flows, the last one also with effects over the exports. Now it is necessary to describe the relationship between Colombia and the OECD, and its members, up to nowadays.

3. COLOMBIA AND ITS RELATIONSHIP WITH THE OECD AND ITS MEMBERS

Now with the benefits of the OECD membership clear, the relationship between Colombia and the OECD members will be described. First, from the historic evolution of the relationship between them, the cooperation flows, and the Balance of Payment evolution. The Balance of Payments is the sum of the value of all the flows a country has in a period. It is composed by the current account, the financial account, the capital account and the errors and omissions account. The current account is the net sum of the exports and imports of goods and services, the net primary income and the net secondary income. The capital account is the sum of flows of money due to acquisitions or sale of non-produced and non-financial assets. The financial account is the sum of all flows due to acquisitions or disposal of financial assets or liabilities. Finally, the net and omissions account is a residual category used to ensure that the net value of the balance is 0 (IMF, 2009). In this case, a specific emphasis on the commercial trade flows and the FDI lines will be necessary. Finally, the process of accession will be explained and its current status described. With that in mind, the relevance of the organization and the member countries will be clarified.

3.1. Historic relationship

The relationship between the OECD and Colombia can be presented in 3 ways: the first one is the cooperation between countries or the economic support received by Colombia from the OECD members; the second way is the commercial relationship, showing how important the OECD members are to Colombia in terms of the percentage of the exports and imports from or to member countries; finally the FDI, analyzing how the OECD countries see the country and how much they have invested directly in business developed in Colombia.

3.1.1. Technical Cooperation

One of the ways to measure the cooperation received by a country is the flow of technical cooperation grants received. Technical cooperation grants include free-standing technical cooperation grants, which are intended to finance the transfer of technical and managerial skills or of technology for the purpose of building up general national capacity without reference to any specific investment projects; and investment-related technical cooperation grants, which are provided to strengthen the capacity to execute specific investment projects (IMF, 2009)

To analyze this flow, the incoming Technical Cooperation Flows since are shown in the figure 2. As can be seen, the cooperation flows have been stable in levels lower than USD 200 million for all countries but for Colombia between 1998 and 2010. In the Colombian case, the flows increase after 1998 due to the “Plan Colombia”, a program that took place between 1998 and 2006 that included USD 4.5 billion in assistance from the Foreign Military Financing program and the Department of Defense of the United States (Veilette, 2005).

The Plan Colombia was a program designed by the governments of USA and Colombia as the Colombian “Marshall Plan”. The aim was to fight against the illegal drug industry, violence, and human rights violations, in order to push the economic and social development of the country. During the first years, the program concentrated mainly in illegal drug eradication, but with the pass of time it became a strong military strategy against the guerrillas (Franz, 2016). With the peace deals with the guerrillas in Colombia, a new flow of cooperation grants is going to enter the country, specially from the European Union and Canada (both OECD members) who already promised more than USD 600 million. Those flows are going to appear in the following years in the Technical cooperation grants graph. Finally, with those numbers in mind, it is possible to affirm that the OECD, specially USA, are allies to Colombia and have a role to play in the flows of cooperation grants, nevertheless, the OECD membership is not an important indicator for this flow, since those grants are part of the bilateral relationship and were received outside the accession to the OECD, in fact, Colombia was not in the accession process when those funds were received.

Figure 2: Technical Cooperation Grants – Values in 2010 USD Values

Source: Own elaboration with data from World Bank database from International Debt Statistics.

The values for the figure 2 were found in current dollars and were converted to constant values using the United States Dollar deflator found in the World Bank national accounts data, and OECD National Accounts data files to avoid the noise generated by inflation effects.

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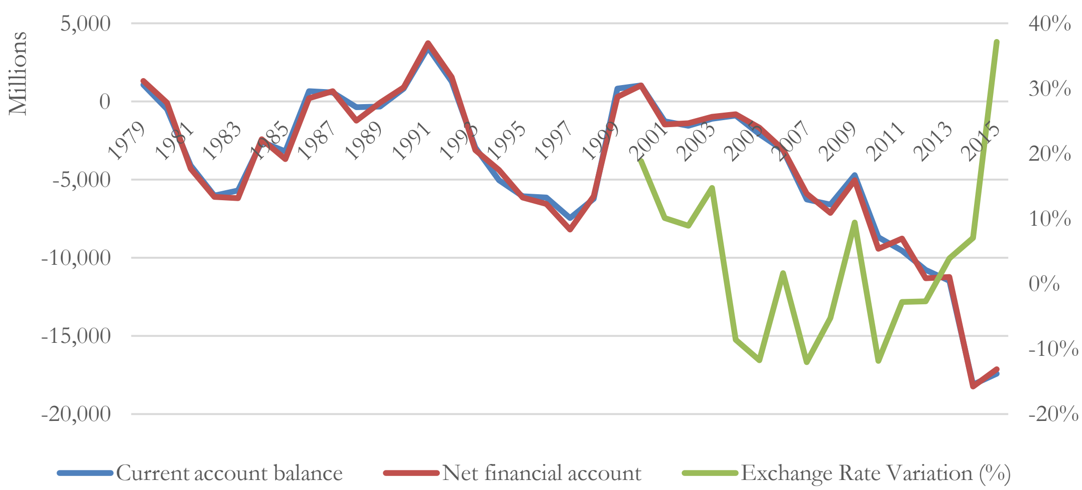
3.1.2. Trade

Colombia has a trade volume of USD 140 billion and a commercial deficit of USD 15 billion (average for the last 10 years). The trade between Colombia and the OECD members represents 60% of the total amount of exports and imports of Colombia. Nevertheless, 30% of those flows are with the USA, a main commercial partner of Colombia. Consequently, it can be said that the OECD is representative for Colombia's international trade. Hence it is helpful to explain that the exports to OECD members in the last 10 years (without USA) have grown 9.9% on average annually, while the exports to OECD members in the last 10 years (including USA) have grown 6.3% on average annually. The exports growth to the rest of the world in the last 10 years has been of 10.6% on average annually. On the other hand, the imports from OECD members in the last 10 years (without USA) have grown 12.7% on average annually, the imports from OECD members in the last 10 years (including USA) 13.4% on average annually and finally, the imports from the rest of the world in the last 10 years have grown 13.4%. With Similar growth rates during the last 10 years, the trade between Colombia and the OECD members have had a similar behavior to the trade with the rest of the world and this generates expectations about how the OECD entry can affect those flows, especially with Rose conclusions (2013) who said that trade between OECD countries is around 0,5% higher that trade between other trade organizations as GATT or WTO. In figure 3, the Balance of Payments (BoP) in constant values is shown and in figures 4 and 5 the imports and exports of goods by group of origin or destination let us realize the relevance of the OECD in the Colombia's international trade.

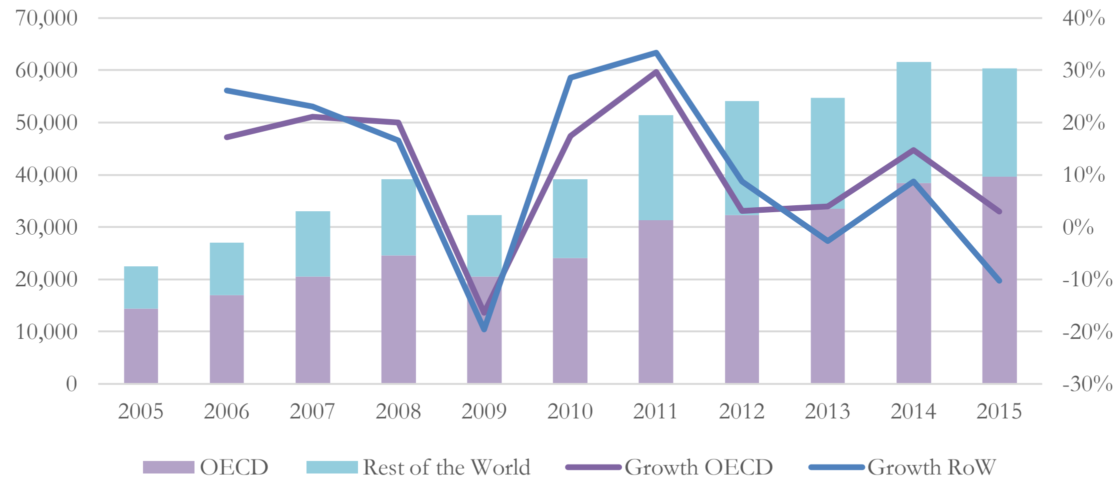
Figure 3: Colombia's Balance of Payment. Values in 2010 USD



Source: Own elaboration with data from International Monetary Fund, Balance of Payments Statistics Yearbook and data files.

Current account balance is the sum of net exports of goods and services, net primary income, and net secondary income. The net financial account shows net acquisition and disposal of financial assets and liabilities. It measures how net lending or borrowing from nonresidents is financed, and is conceptually equal to the sum of the balances on the current and capital accounts. Data were found in the in current U.S. dollars, and were deflated with the US dollar deflator from the World Bank national accounts

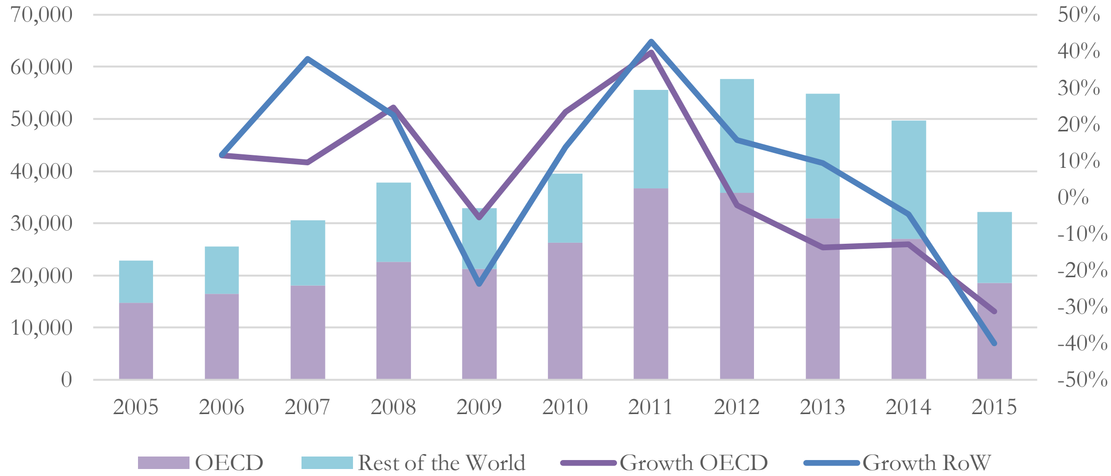
Figure 4: Colombia Goods Imports by origin group. Values in 2010 USD Millions



Source: own elaboration with data from Wisertrade

The bars on figures 4 and 5 represent the volume in US dollars of the imports and exports of goods differentiated by commercial partner by color. The lines represent the growth of the variables calculated as the percentage variation between the current year and the previous one and its axis is located on the right side of the graph. The data were obtained in current values and were deflated with the USD deflator obtained from the World Bank national accounts

Figure 5: Colombia Goods Exports by group of destination. Values in 2010 USD millions.



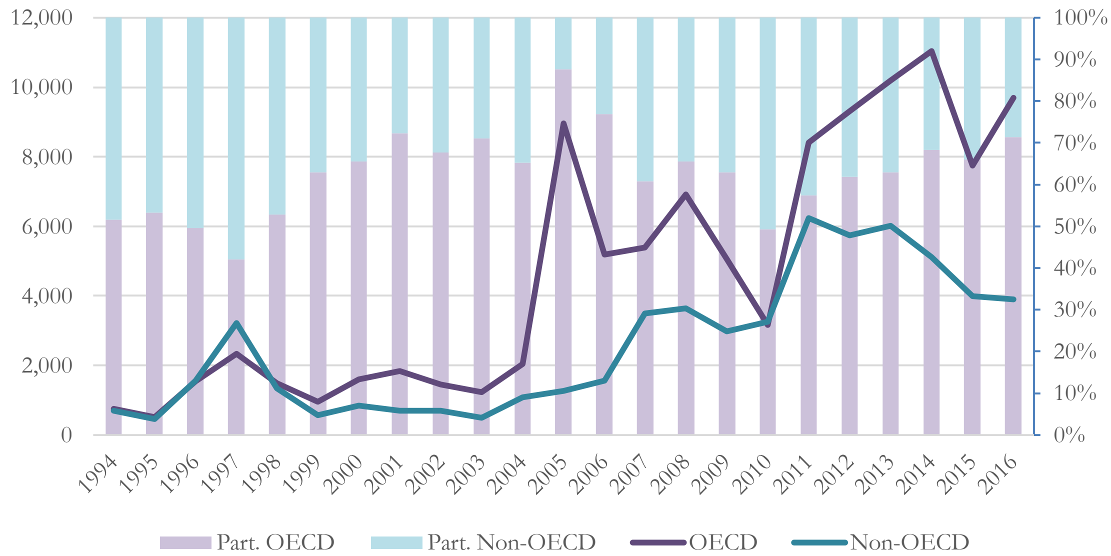
Source: own elaboration with data from Wisertrade

In addition, Colombia has Free Trade Agreements (FTA) with most of the OECD members, such as: Mexico, Chile, Canada, USA, European Union, and Korea; but is also bargaining a new FTA with Turkey and Japan, both also members (Mincomercio, 2017).

3.1.3. Foreign Direct Investment

In terms of FDI, the inflows during the last 10 years were around USD 11 billion, the situation is similar, and the OECD had represented nearly 60% of the total flows during the last 20 years. The FDI in 1994 from OECD countries was USD 747 Million against USD 699 from Non-OECD countries, but the average growth rate for the first (12,36%) was higher than for the second group (8,11%) and now (2016) the FDI flows are USD 9.703 million against USD 3.890 million from other countries. Inside the OECD, the main actors are the USA, who represents on average the 35% of the flows of the OECD members and 22% of the total flows, which makes it the main partner of Colombia in terms of Trade, Cooperation and FDI. Other important actors in the FDI flows from the OECD are Spain, United Kingdom, Switzerland and Canada, who represent the 16%, 15% 6% and 5% respectively of the flows of FDI.

Figure 6: FDI Inflows per origin group. Values in 2010 USD millions

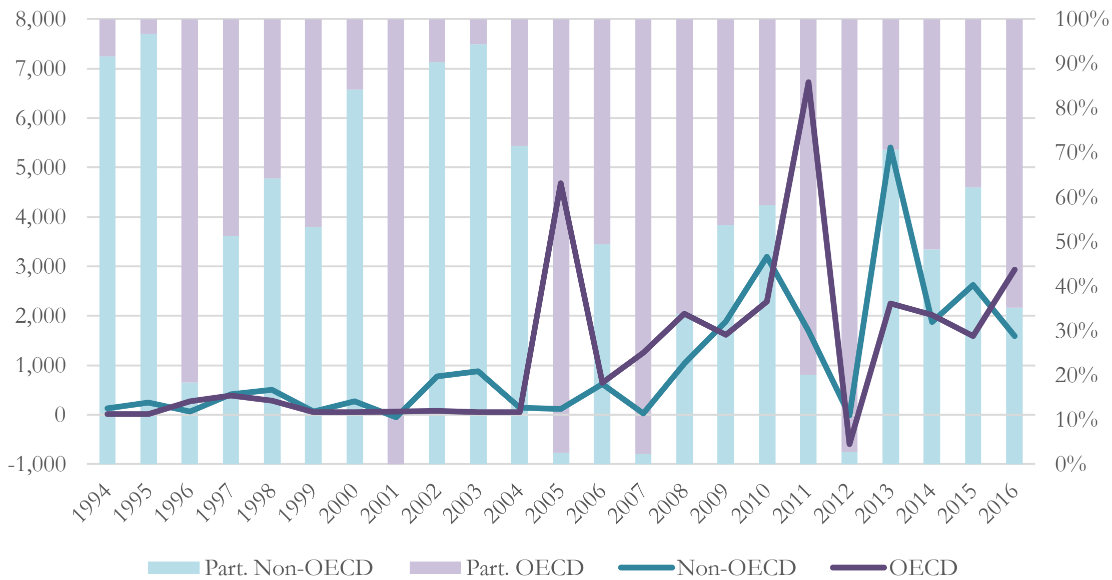


Source: Own elaboration with data from Colombian Central Bank

The data for figures 6 and 7 were found in current dollars and normalized using the USD deflator found in the FMI national accounts. The bars represent the participation in percentage of the inflows and outflows from the OECD or Non-OECD members and the axis is on the right axis; the lines represents the change of the volume flows of each group

Additionally, when the outflows of FDI are analyzed, the relationship between OECD members and Colombia becomes stronger. During the last 10 years, the average outflows were around USD 4 billion. On average during the last 20 years, 50% of the FDI outflows have gone to OECD members with an evolution from USD 12 million to USD 2.929 million between 1994 and 2016. The average growth rate of the OECD participation (28,13%) is higher than the non-members' one (15%) and shows a growth from USD 136 Million to USD 1.587 million in FDI of Colombian companies in non-OECD members economies. In this aspect, the main partners of Colombia are: Panama, USA, United Kingdom, Spain and Chile; all but Panama, OECD members.

Figure 7: FDI Outflows per destination group. Values in 2010 USD millions



Source: Own elaboration with data from Colombian Central Bank

3.2. Current Relationship: Colombia's Accession process

As it was mentioned before, to become a member of the OECD, it is required to be approved by all the committees. In order to get those approvals, each committee submits a list of requirements related with the fundamental values of the OECD, the instruments, standards and benchmarks. The principles are closely related to the commitment to a pluralist democracy, the respect of human rights, the open and transparent market economy principles and a shared goal of a sustainable development (OECD 2013). In the specific case of Colombia, the country needs the formal approval of the 23 main technical committees. Following, there is a brief explanation of the requirements of each committee:

Table 2: Main requirements for Colombia's accession

Committee	*Main requirement*
Investment Committee:	The application of the Liberalization and the National Treatment Instrument of the OECD Declaration on international Investment and Multinational Enterprises; the existence of a transparent FDI regime (some specific sectorial restrictions are allowed but must be argued); the

	liberalization of long-term capital movements; the abolition of restrictions on payments or transfers with international accounts; the effective enforcement of intellectual property rights; and he completion of the OECD Survey of implementation of methodological Standards For Direct Investment.
Working Group on Bribery in International Business Transactions:	The full compliance with the requirements of the convention on combating Bribery of Foreign Public Officials; an effective legal framework that includes criminalization, investigation and prosecution against bribery.
Corporate Governance Committee:	To include the enforcement of a framework that guarantees an equitable treatment for shareholders, the implementation of accounting, auditing and non-financial report standards; and an effective separation of the government's role as an owner of state-owned companies and the government as a regulator.
Committee on Financial Markets:	The committee is focused on the guarantee of an open and market oriented financial system, with strong and solid regulatory structures and with defined standards according with the OECD regulations.
Insurance and Private Pensions Committee;	Several topics related with the members and beneficiaries' rights protection of the insurance, reinsurance and pension services shareholders and the relaxation of international trade in the sector.
Competitio n Committee;	The enforcing of competition laws with the establishment of a legal framework, sanctions, procedures, and institutions; including the facilitation of international cooperation.
Committee on Fiscal Affairs;	Elimination of double taxation; the publication of comparative fiscal statistics under the OECD standards; engaging in the exchange of information; combating the harmful tax practices; and the enforcement of the law for tax crimes and related.

Environment Policy Committee;	The application of the Polluter Pays Principle; the promotion of economic instruments to enhance the efficient use of natural resources; the implementation of policies for pollution prevention; to secure the reduction of waste as final disposal; and the control over hazardous waste imports and exports.
Chemicals Committee;	The adoption of the OECD Guidelines and proof of work towards chemical safety policies that ensure the protection of humans and the environment, to promote the OECD system of chemicals management and contribute to the cooperation between countries.
Public Governance Committee;	Related to the separation of powers; the transparency and accountability in the public sector; the commitment of the public institutes with the standards of behavior accepted for the OECD; the use of ICTs and electronic access to government; the use of a multilevel governance and the use of indicators to measure the public performance.
Regulatory Policy Committee;	The main requirements of this committee include the commitment to an integrated regulatory policy that improves the quality of regulation for business and citizens; the establishment of institutions and processes for ensure a complete policy development; the adherence to the principles of transparency and public participation in the development of regulations; and a multi-level governance for regulatory coherence.
Territorial Development Policy Committee;	The development of strategies that enhance regional competitiveness and data collection of their development; the compromise to implement the policies in a socially responsible way and the elaboration of a fiscal framework with guaranties to make public investments effective in a sub-national context.
Committee on Statistics;	The main requirement of this committee is the fulfilment of OECD standards for the continuous measurement and report of findings in a periodic way by the time of accession.
Economic and Development	The main requirements of this committee promote the robustness of macroeconomic policies, and the development of a public governance and political economy that facilitates the economic performance of the country.

Review Committee;	
Education Policy Committee;	The main requirements of this committee are the fostering of the quality and effectiveness of the education, under equity conditions, and promoting the investments in skills developments.
Employment, Labor and Social Affairs Committee;	Related with the strengthening of labor market, training, social protection and migration policies and institutions in accordance to the OECD principles.
Health Committee;	The main requirements of this committee are to guarantee the ability of the health system to provide safe and proper services to all, under principles of sustainability, equity and cooperation. Those services should be measured and compared to all the different standards with the other members to demonstrate progress and inclusion.
Trade Committee and the Working Party on Export Credits;	The main requirement of this committee is the effective measurement of multilateral trade and the development of a framework under the principles of transparency, openness, market access, protection and enforcement of the intellectual property rights and the best export credits policies and practices.
Committee for Agriculture;	The main requirement of this committee is the development of agricultural policies to support this sector in a transparent, flexible and equitable way; progressing in an environmental and sustainable way. That includes a legal framework of markets that promotes investment and innovation.
Fisheries Committee;	The application of sustainable fisheries policies and practices, the elaboration of a governance structure, the surveillance and enforcement of the legal system and the adoption of the FAO code of conduct.

Committee for Scientific and Technological Policy;	The development of policies and good practices for the use and management of research data, the elaboration of a framework that promotes cooperation without barriers, protecting the technological and scientific knowledge; the consolidation of comparative information per OECD guidelines and the adoption of best practices in property rights and transparency.
Committee for Information, Computer and Communications Policy;	The development of effective policies to assist the internet economy; the compliance with the OECD principles for an Internet Policy, leading to an improvemente of the access to public-sector information; the protection of personal data and the promotion of a culture of security risk management.
Committee on Consumer Policy.	The development and enforcement of policies to promote the protection of consumers (including on electronic commerce), the cross-border cooperation against fraud, and consumer empowerment; and the development of policies to discourage fraudulent and unfair commercial practices.

Source: Own elaboration based on OECD documents

Each of the committees will generate a progress report of the country and the state of the requirements to define if the country can be considered as a member (OECD, 2013). Up to date (March of 2017) 17 of the 23 committees have expressed their approval for Colombia's accession. The approvals that are pending correspond to the Public Governance Committee, the Environment Policy Committee, the Employment, Labor and Social Affairs Committee, the Chemicals Committee, Trade Committee and the Working Party on Export Credits, and the Committee on Consumer Policy.

In conclusion, the importance of the OECD for Colombia is related to the strength of the relations with its member countries in trade, FDI and technical cooperation. The OECD represents two thirds of the international trade of the country, as well as two thirds of the FDI inflows and 50% of the outflows, and most of the technical cooperation resources. Those numbers put the

OECD in the position of a strategic ally and explains the deep interest of the current government in becoming closer to them in its public policies design, sustainability and trade scenarios. The next step is to compare the impact of the accession to the OECD in Mexico and Chile, two countries with similar economic structures to Colombian and part of the OECD since 1994 and 2010 respectively. Once this effect is clarified, a deeper analysis will be deployed in the specific case of the financial services trade in those countries and how this behavior can be replicated in the Colombian Case.

4. OECD ENTRY OF SIMILAR COUNTRIES: THE EXAMPLES OF MEXICO AND CHILE

After stating how the OECD is important to Colombia, the following objective is to compare how the accession to the OECD has impacted countries with some similarities to Colombia. In this case, Chile and Mexico will be analyzed. These countries belong to the OECD, and with Peru and Colombia complete the Alianza del Pacífico, a multi-governmental and regional organization that promotes values similar to those of the OECD, as well as the exchange of knowledge and trade among the organization's members. First, the processes of accession will be briefly explained. Then, the Balance of Payments behavior before and after the adhesion will be analyzed; finally, the flows of technical cooperation will be reviewed.

4.1. Accession Process

In the case of Mexico, the country was invited to the OECD in 1994. Mexico was working in several committees since the seventies, when the OECD invited some developing economy's countries to participate in measures and projects (Arellano, 1994). That year, the NAFTA (North America Free Trade Agreement) took place between USA, Mexico, and Canada; and this agreement between two of the oldest members of the OECD and Mexico also promoted the country's entry.

In the case of Chile, they started the accession process in 2007, receiving the final answer in 2010. Some of the most evident changes that took place were the way the country started to manage the Government's expenditure, the elimination of the secret information inside the banking sector, the major exposure of corporate information to the markets, the increase of cases against corruption, and some chemical and environmental reforms (Observatorio de la cooperación Internacional, 2011)

As it would be the case for Colombia, the main requirements entailed public transparency policies and market regulations, among other topics exposed in the previous chapter. Although, there were some specific exceptions; for example, in the trade liberalization of capital movements. In Chile, there are limitations for the following; the incorporation of auditors to financial institutions; the establishment of branches of non-resident financial institutions (except for banks or insurance companies); the property of vessels and aircrafts; and of some assets related to mining activities. In addition, there are some restrictions for the operation in securities on the capital market, such as securities in currencies different to euros or dollars, including Chilean pesos, and the purchase of assets and securities by insurance companies and pension funds abroad to have a share in technical reserves or own funds after defined limits (OECD, 2016f).

As for Mexico, there are more exceptions and in different sectors. For example, there is a limit to the equity participation (must be less than 49%) for non-resident companies whose assets are worth less than USD 150 million or its equivalent, defined by the government according to each economic sector and activities. This restriction applies to insurance institutions, pension funds and banks without a capitalization limit. In addition, measures as the ones found in the Chilean case, related to the securities or foreign assets for the insurance and pension sector are also valid in the Mexican context (OECD, 2016f).

As it can be seen, the financial market is one of the sectors where more regulations are abolished during the accession process, but also where more exceptions are contemplated to make the process easier, and with the compromise to work altogether to improve the transparency and trade liberalization. Some of the exceptions are related to the insurance market and are designed to protect the market in case of large claims. It is predictable that some of those exceptions and specific limits will be used for the Colombian final agreement, due to the current regulations of the market, that already include limits to the purchase of assets and securities abroad for insurance companies, but this topic will be discussed in depth later.

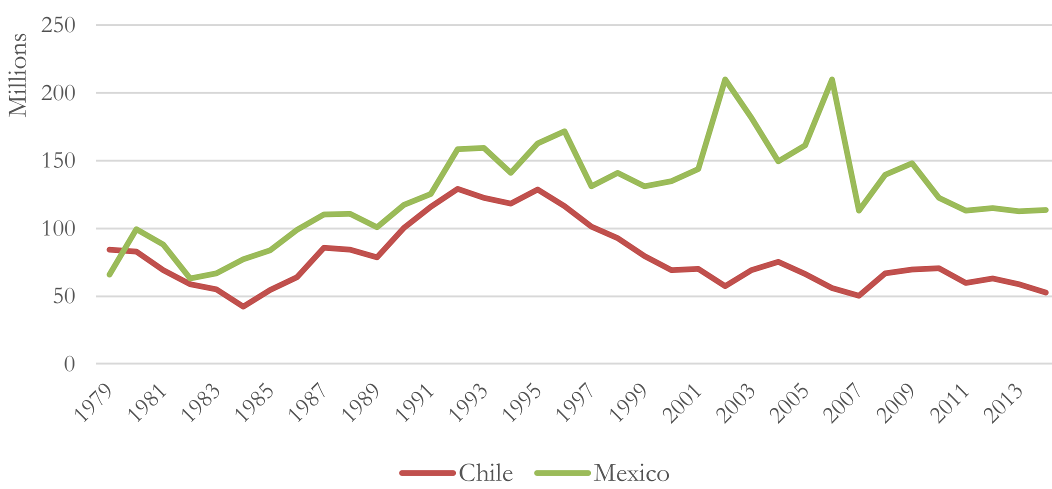
4.2. Relationship After Accession

International relations after the accession can be analyzed in several ways, from votes in international organizations affairs at the United Nations, to joint projects in science and technology; but in this case, and following the line of research, three items will be analyzed: Technical cooperation Flows, Trade and FDI.

4.2.1. Technical Cooperation

Considering the cooperation flows, there is no evidence of a significant increase of the flows of technical cooperation during the years before or after the entry of the country to the OECD. The Technical Cooperation flows are kept in lower levels in comparison with the flows for Colombia shown in the figure 2. In the case of Chile, the change are minimum after 2010, and in the case of Mexico, there are only two peaks: in 2002 and 2006 due to the launch of two Social Aid Programs between Mexico and the EU (SRE, 2016). Nevertheless, those Programs were part of specific government plans and not related with the OECD:

Figure 8: Technical Cooperation Grants. Values in 2010 USD



Source: Own elaboration with data from World Bank Database

The line represents the evolution of the Technical Cooperation Grants Flows, the values were converted to constant values using the United States Dollar deflator found in the World Bank national accounts data, and OECD National Accounts data files.

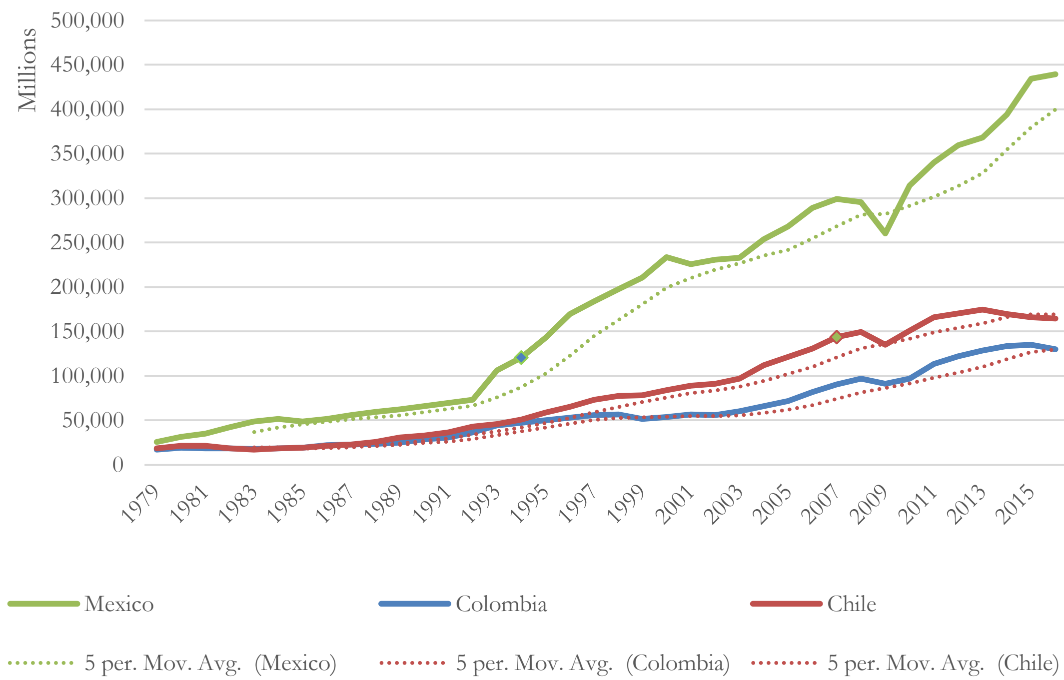
4.2.2. Trade

The increase in trade between countries is clear, as can be seen in the graph, the exports and imports of goods and services has grown up to 8 times the value in 1960 and the OECD is, at least in part, responsible for this behavior. Although, now it is necessary to analyze if the conclusions of Rose's (2005) studies are valid for the Latin-American members of this organization: Chile and Mexico.

Taking the gross values of the trade volumes for those countries, an increase from USD 6 billion to USD 14 billion and from USD 168 billion to USD 854 billion is observed respectively for Chile and Mexico. Nevertheless, taking the average growth by lustrum during that period (appendix 1), it is clear that the higher growth rates for Chile took place between 1985 and 1989, and between 1990 and 1994, where the average growth was 10% and 11%; while the lower growth rates were observed from1980 to 1984, and in the last lustrum (2010-2015). Paradoxically, the growth of trade during its time being an OECD member is similar to the one seen during the economic crisis unchained by the end of the military dictatorship of Augusto Pinochet.

Going into detail in the exports, the highest growth happened from 1985 to 1995, coinciding with the end of the military dictatorship and the new democratic order. The same analysis for the imports shows a representative increase during the same years, however there are other periods with a similar growth: 2000-2009. Going into Chilean history of trade, that decade was the one where the free trade agreements with USA, China, the European Union and several countries inside Latin-America were signed. The important aspect here, is that the imports have grown almost on the same years the FTA were signed but the exports were not affected in the same proportion. At this point, it can be said that the Chilean entry to the OECD, does not have a significant impact on the growth rate of trade of goods and services, since the growth rates after that are lower than the rates observed previously. Nevertheless, it is important to say that even with the higher increase of the imports versus the exports, the commercial balance of Chile had a historical surplus and higher levels of imports and exports were achieved during those years, rising from USD 136 billion to USD 170 billion on average per year.

Figure 9: Trade (Imports + Exports) in Mexico, Colombia and Chile. Values in 2010 USD



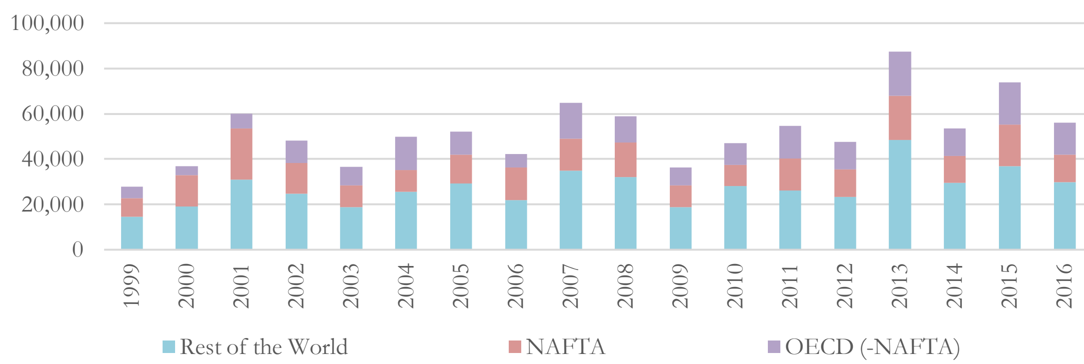
Source: Own elaboration with data from World Bank Database

In the Mexican case, the periods with the highest growth have been 1990 and 2000 with rates of 14 and 12% respectively. This effect is similar in the exports and the imports. Between 1992 and 2013, the OECD periodically published reports about Mexico where it suggested several reforms to promote investors trust, the adoption of international financial standards, the reduction of trade barriers and the liberalization of capital movements even for the bank sector (Vicher, 2014), facilitating trade and FDI, nevertheless, a differentiated effect between the effect of the OECD entry and the NAFTA is beyond the scope of this study. Nevertheless, it is possible to say that there is no numerical evidence of the impact of the OECD membership in the trade of goods and services in the way Rose suggested in their studies.

4.2.3. Foreign Direct Investment

Now, regarding the FDI flows, and going into detail in Mexico's flows, it can be appreciated in the following graph (figure 10) that the FDI came not only from the United States and Canada, but also from other countries who saw the opportunity to access the US market with a lower cost of production, by locating their industries in Mexico, supporting the findings of Hassan and Nassar (2016). In the next graphs (figure 11), we can see the FDI behavior by lustrum for Chile and Mexico. In the Mexican case, it is possible to observe how, after the accession to the OECD, the average amount of FDI going into the country almost doubles the average of the previous 5 years, and is almost four times higher than the level observed during the first part of the previous decade.

Figure 10: FDI inflows in Mexico by group of origin. Values in USD Million

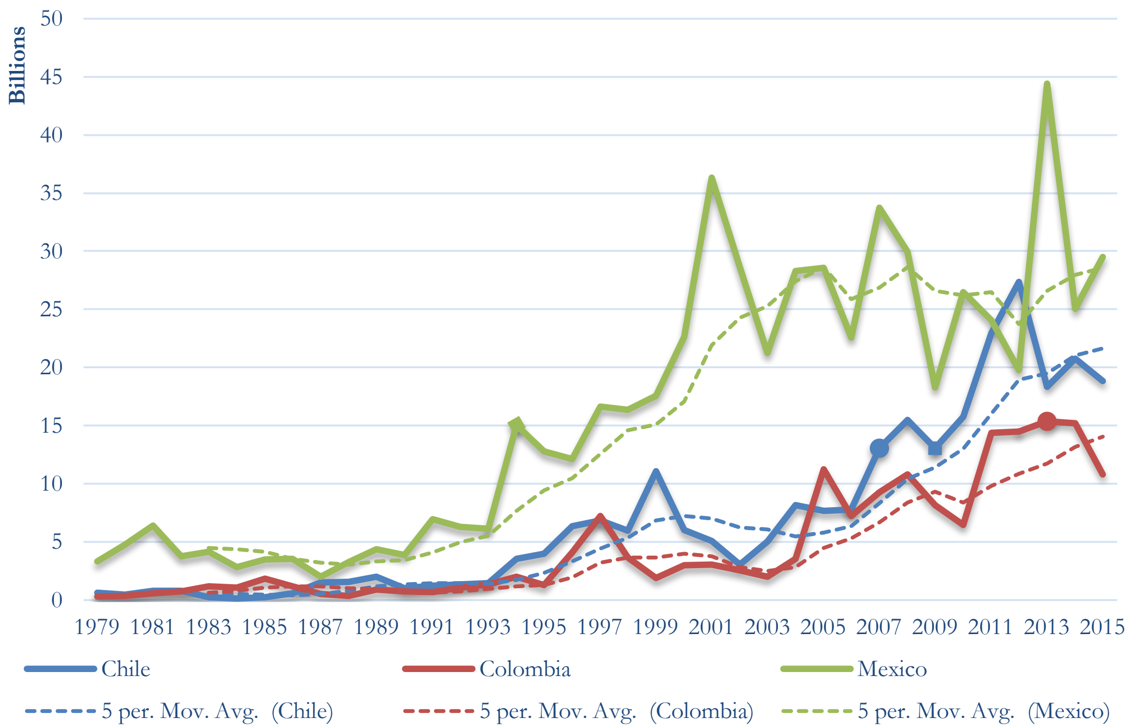


Source: Own elaboration with data from the official web site for statistics of the Mexican Government.

In the Chilean case, the higher levels of FDI inflows are observed during the last 10 years, during the same period the country started the process of accession and ultimately became a member of the OECD. In those years, the FDI grows from USD 11 billion on average to USD 19 billion on average, also 4 times the average value presented on average between 2000 and 2004.

In the flows, there is evidence of an increase in the income flows in Mexico since 1994 (the same year the country joined the OECD and the North America Free Trade Agreement was established). It is observable that after the accesion, a new and higher level of FDI flow is established.

Figure 11: FDI Inflows. Values in 2010 USD



Source: Own elaboration with data from World Bank Database

The values were in current dollars but were converted to 2010 dollars using the United States inflation deflator found in the World Bank database. The lines represent the amount of FDI received in US dollars, the intermittent lines represent a moving average to smooth the peaks and troughs and appreciate the trend in each country.

4.3. Preliminary Conclusion: The Impact of OCED Membership in Mexico and Chile

Until now, the trade of goods and services and its evolution have not shown a direct correlation to the OECD accession process or the membership. There is an increase, but it is more related to the signature of FTA. In terms of technical cooperation flows, the relation is inexistent and shows how the countries cooperate more in a vis-à-vis way than in a flow of technical help from the countries with better knowledge and performance indicators to those behind in performance indicators. In terms of FDI, the changes generated by the OECD do not represent a significant alteration, but it is also evident that the countries in Latin America that have been added as members present a stable growth in FDI flows, which can be supported by changes in the legislation put forward by the OECD, but these are not determinants of the flows observed. So, what is the effect of all the changes generated by the accession to the OECD, specially, those related to the free mobility of capitals and the trade liberalization? Going more into detail in the services account, there is a line related to the financial and insurance services, and we are going to evaluate if those changes generate significant transformation in those flows

5. FINANCIAL AND INSURANCE SERVICES TRADE: IMPACT OF COLOMBIA'S OECD ENTRY

Until now, it has been proposed that the OECD membership has some benefits. First, international standards are adopted in public policies and a legal framework is defined where the private sector is subjected to higher transparency perception levels and more favorable environments for business development, specially those with international operations. On the other hand, the markets are liberalized. Both situations have waterfall effects on the FDI flows and, in conclusion, on the trade volume between the members and the rest of the world, including the other OECD members.

When Rose (2005) demonstrated in praxis that the OECD increases trade more than other institutions, he did not analyze the case of the countries by region. In the last chapter we saw that the effects in Chile and Mexico were more related to FTA than to the accession. Nevertheless, we have discussed the changes and found that most of the ones that affect the business environment are related to the capital movement. Thus, it is time to analyze one of the flows that is more connected to the capital movements and see if the entry to the OECD has a relevant impact.

First, it is necessary to define financial and insurance services trade as all the imports and exports of services provided for non-residents to residents or vice versa, such as insurances, financial intermediation, financial services and auxiliary services.

The Balance of Payments manual (2006) defines the insurance services as life insurance, annuities, non-life insurance, credit insurance, pensions, guarantee, retirement plans and normalized guarantee plans. The BoP registers only net values, so in the case of insurance, the value registered is the premiums minus all the commissions, reserve movements and claims paid.

This market emerges as an institutional protection for big risks (in the case of insurance services imports) or to allow the companies who reached certain levels, to expand their sizes and continue their growth (Biener, C., Eling, M., and Jia, R, 2017). Those services can be the coverage in a different country from the issuer to a non-resident, or a risk transfer in a reinsurance portfolio, or the payment of contractual obligations with residents in different countries, for example in the pension business (IMF, 2006)

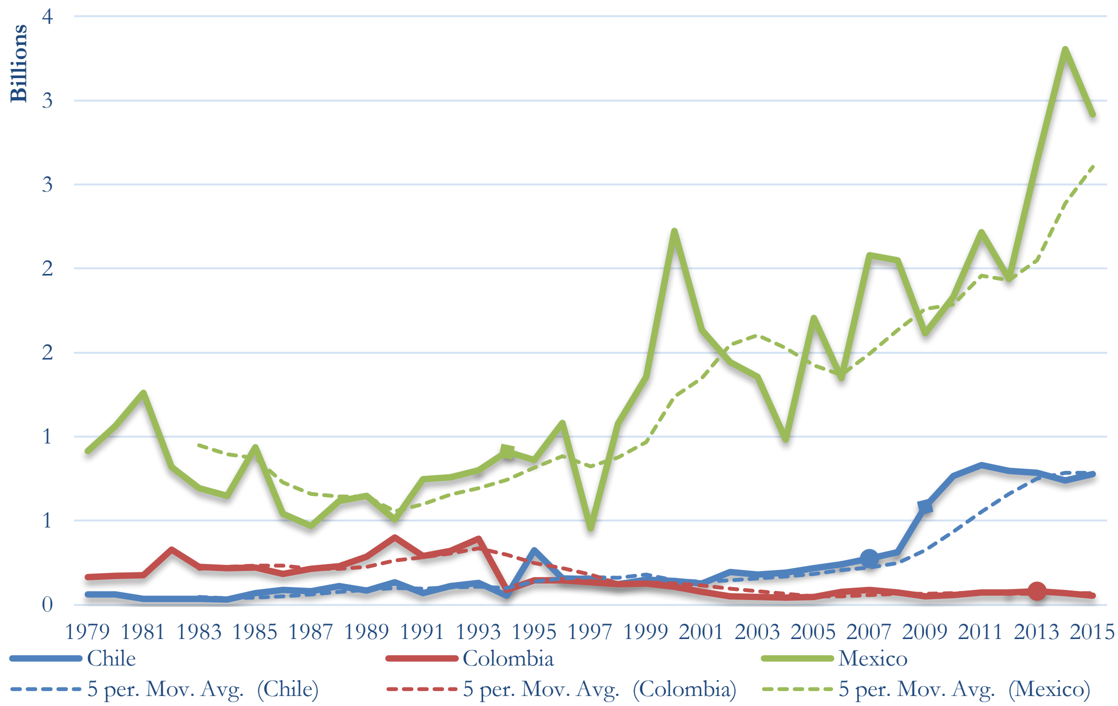
As for financial services, these are defined as all the services provided for banks or other financial institutions, such as: financial consultant services, liquidity supply, fusion and mergers services, risk qualification, brokerage, deposit taking, granting of loans, letters of credit, credit card services, factoring, financial leasing and payment clearing (IMF, 2006)

The following section explains the financial and insurance services flows for Chile, Mexico and Colombia and the evolution of the flows before and after the entry to the OECD by each of these countries. Later, a detailed analysis of the reinsurance accounts by branch to identify the opportunities in the Colombian market due to the experience in the other cases is presented and finally, a contrast is made between the last news of the sector with the reality to evidence what the analysis foresees.

5.1. OECD Membership and the Evolution of Trade in financial services

Firstly, the size of the financial and insurance services exports evolution will be analyzed. In the graphs we can see the Chilean case. Starting with a low flow, during the late 80s the service exports started to slowly grow in aggregated terms. Nevertheless in 2007, the year when the OECD process started with all the legal framework changes and the liberalization of the markets, the flows presents a dramatic change and moves to a new level. In addition, we can see that, before the OECD process, the average growth of the exports was 5.3% per year, and since that the rhythm is 13%. Those increases have generated an increase in the flows and between 2010 and 2015 the average was USD 753 million, almost the double of what saw during the accession process and more than 4 times before it.

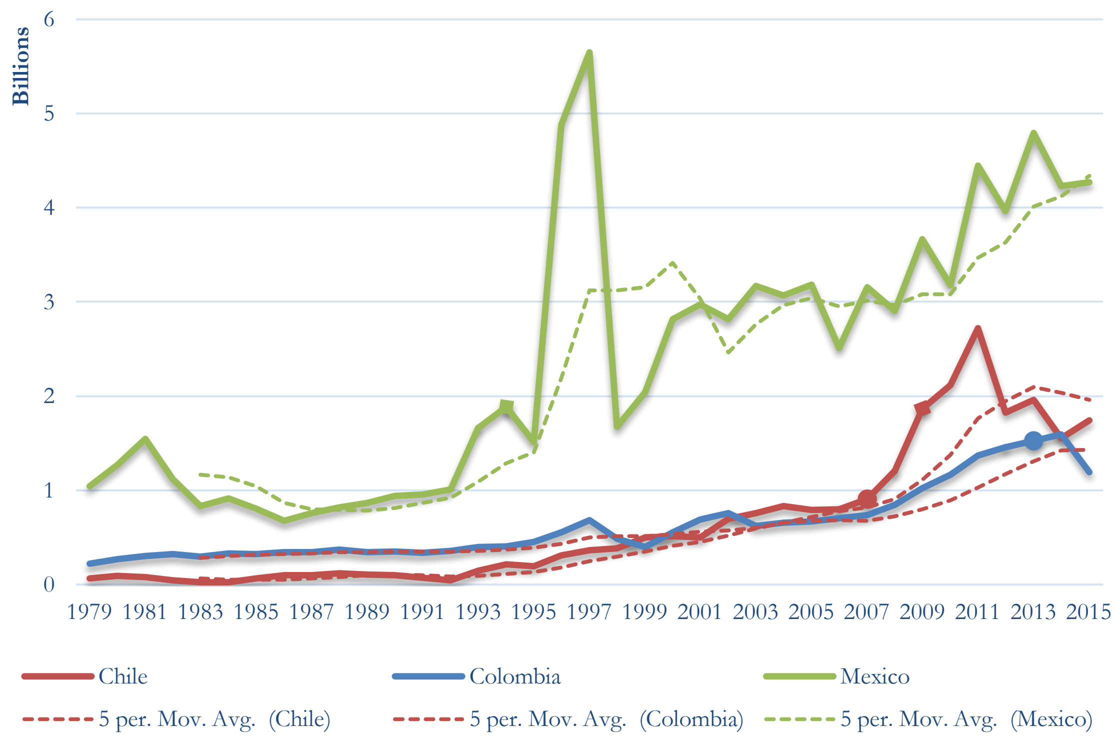
Figure 12: Insurance and financial services exports. Values in 2010 USD



In the Mexican case the change is even clearer, before the accession process, the level of exports was almost the same for more than 15 years and then, in 1994, an increase from USD 745 million to USD 966 million in the exports and an average growth up to a 6% on average since that. This is where Colombian case is relevant. During the same period, the exports of financial and insurance services decreased continuously from 1980 to 2015. However, after the OECD accession process the decrease rate is lower than before.

In the case of the imports, the behavior is similar. After the accession, the levels of imports reached a new level. In Chile, the average went from 1.115 million USD to almost double of that amount after the membership, and almost 4 times the level reached the lustrum before the accession process started. It is important to say that the fall in 2011 is due to the natural disasters that affected the country and with this, all the claims that international insurance companies paid to residents of the country.

Figure 13: Insurance and financial services Imports. Values in 2010 USD

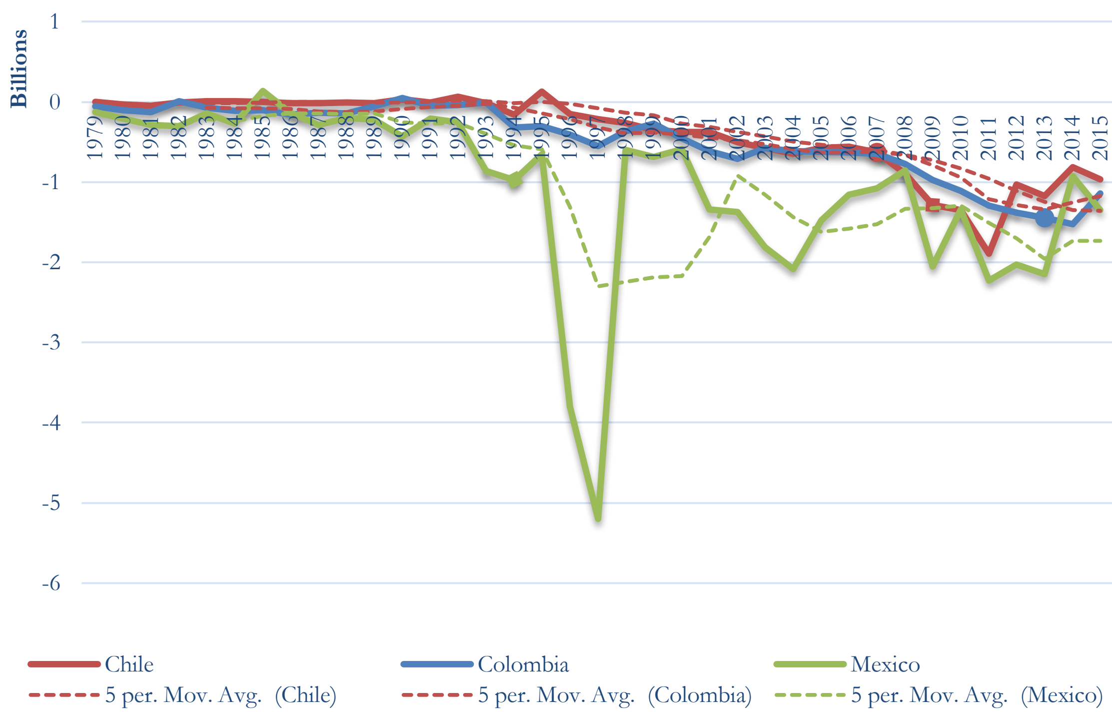


The Data for the construction of the graphs were obtained from the World Bank Database and it is fed with data from the International Monetary Fund. The values were in current dollars but were converted to 2010 dollars using the United States inflation deflator found in the World Bank database. The lines represent the amount of insurance and financial exports or imports in USD dollars, the intermittent lines represent a moving average to smooth the peaks and troughs in order to appreciate the trend in each country. There is a round marker that represents the moment in which the country starts the accession process and a square marker that represents the moment in which the country was accepted as a member.

In the Mexican case, the high peak between 1996 and 1997 responds to the insurance that companies that were investing in the country acquired to protect their investments and that could not be underwritten by the national industry. Excluding this point, it is still evident how the imports continue on a higher growth rate than before the accession and are now in higher average ranges.

Once again, the flows in Colombia show a lagged market. Specially considering that until 1998, the flows were higher in Colombia than in Chile, and then the austral country overlapped and surpass the first one.

Figure 14: Insurance and Financial Services Trade Balance. Values in 2010 USD



Looking into the sector trade balance, it can be observed that for the Mexican evolution after 1990, the existent deficit grows and afterwards, with the membership and the legal changes to the regulatory framework, it became larger, result also confirmed by Sterling R (2000). Even though the trade balance behavior is the most irregular of the three, using the weighted average for 5 years (interrupted line),the change after and before 1994 is evident. In Chile, the peak of the deficit is a year after the accession to the OECD. After that, the market shows a recovery but is still in deficit, because the imports volume, even with a smaller growth, is bigger.

Up to now, there are two relevant results. First, the entry to the OECD, along with the changes generated in the insurance and financial services industry, increase the flows of international trade. Second, the outflows have a higher growth rate than the inflows, nevertheless, due to the nature of the industry, the deficit does not decrease. Adding this to the analysis found in the appendix 4 and 5, about the inner performance of the financial and insurance services industry, we have a scenario that could take place in Colombia in the coming years if the process experienced by Mexico and Chile is repeated in the country. Under this case the industry is expecting a relevant growth and change that can bring both opportunities and threats for the companies that already compete in the local industry.

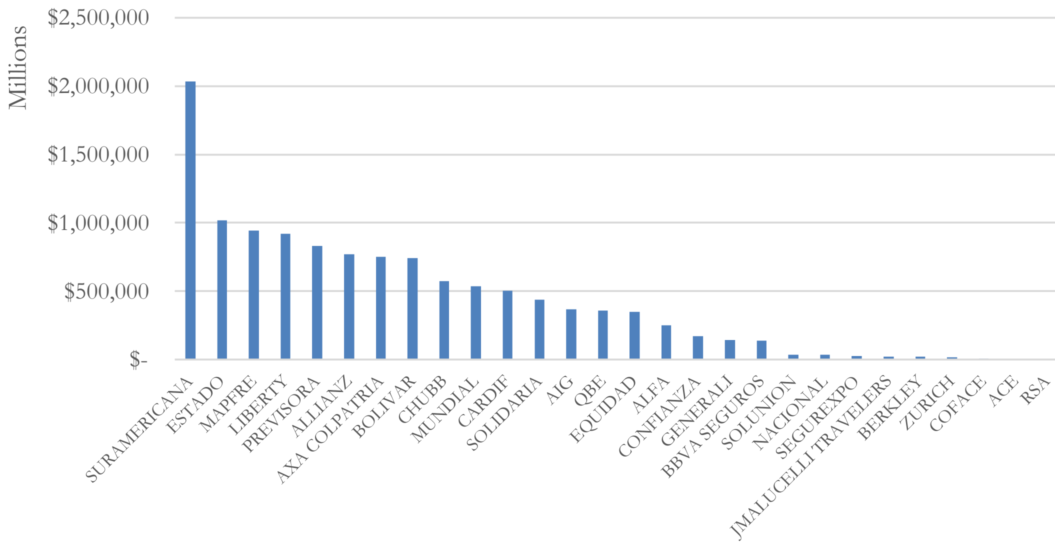
5.2. Insurance sector

5.2.1. Current Situation

In December 2016, the insurance industry in Colombia was composed by 26 companies offering non-life insurance and 19 offering life insurance. Those companies underwrote COP 23 billion in premiums. The companies sent COP 5.1 billion to the reinsurance market and 93% of those flows went to companies abroad. The following figures present the premiums underwritten in absolute values, and the operative profit and the net profit as a percentage of the net premiums. Those values were obtained from the Superintendencia Financiera de Colombia, the institution that supervises and control the financial institutions in Colombia, in the inform 290, published monthly. From this point on, the values are in Colombian pesos to avoid the noise generated by the dollar fluctuation exposed in the figure 3.

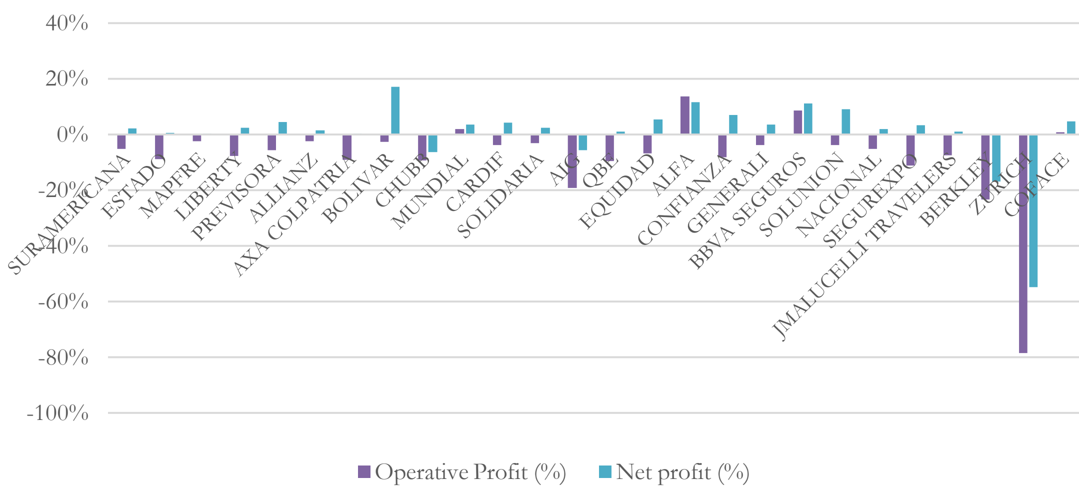
In the figure 15, can be appreciated the premiums emission of the non-life branches for 2016. Sura appears as a solid leader with more than the double of premiums than the second company in the market. We can also observe that multinational companies as Mapfre, Allianz, Axa, AIG are already positioned in the market and new companies as Zurich and Coface are still the smaller in the marker (ACE was absorbed by Chubb and RSA by Sura).

Figure 15: Non-Life Insurance industry in Colombia: 2016 Net premiums. Values in COP



Source: Own elaboration with data from: Indicadores de Gestion. Fasecolda: December 2016

Figure 16: Non-Life Insurance Industry: 2016 Operative Profit and Net profit as percentage of the Net Premiums

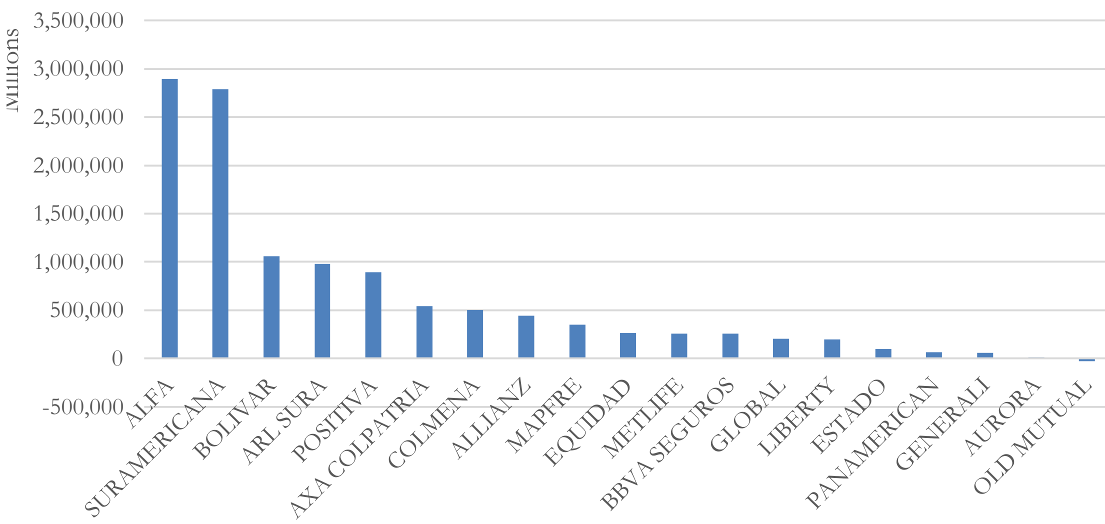


Source: Own elaboration with data from: Indicadores de Gestion. Fasecolda: December 2016

In the figure 16, it can be appreciated that most of the companies have a negative operative profit and the net profit comes from the investments they make with the collected money of the premiums. This can be interpreted as if the insurance sector has been decreasing its prices, even under the operative equilibrium to attract new customers and retain the current ones. In this point is remarkable the operative and net profits of Zurich and Coface. Looking in detail the numbers reported to the Superintendecia, we can infer that they are offering lower prices to attract new customers, because the claims are less than a 20% of the premiums reported.

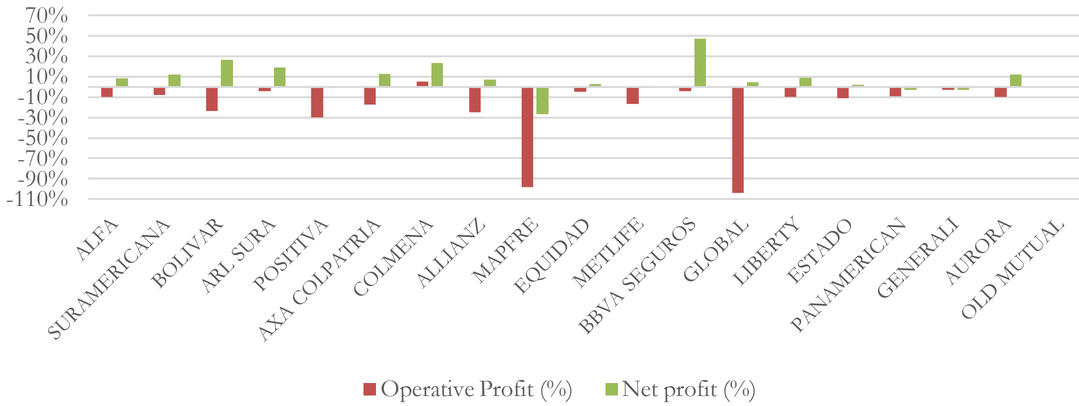
For the life branches, the main companies are Alfa and Sura. Their volume of premiums represent nearly the half of the market. In the figure 17 is shown that companies as AXA, Allianz, Mapfre or Metlife have also presence but with a lower participation in the market in comparison with non-life branches. As in the previous case, companies also have a negative operative profit (Figure 18), and for the cases of Mapfre and Global we can found evidence of a aggressive strategy in prices.

Figure 17: Life Insurance industry in Colombia: 2016 Net premiums. Values in COP



Source: Own elaboration with data from: Indicadores de Gestion. Fasecolda: December 2016

Figure 18: Life Insurance Industry: 2016 Operative Profit and Net profit as percentage of the Net Premiums



Source: Own elaboration with data from: Indicadores de Gestion. Fasecolda: December

Table 3: Insurance industry in Colombia: Premiums and profits by branch. 2016

Values in COP (Millions)	**Premiums**	**Operative profit**		**Net Profit**	
Life	**$11,836,820**	**$(1,949,855)**	-16.5%	**$1,345,542**	11.4%
Non-Life	**$12,014,152**	**$(652,138)**	-5.4%	**$320,000**	2.7%
Total	$23,850,972	$(2,601,994)	-10.9%	$1,665,542	7.0%

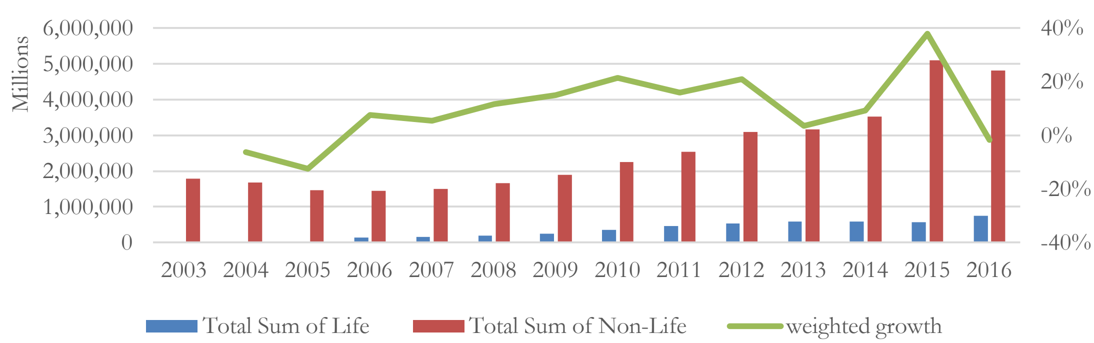
Source: Own elaboration with data from: Indicadores de Gestion. Fasecolda: December

An overview of the sector in terms of premiums and profits let us conclude that the industry is leveraged in the financial profits, the premiums are used to cover the claims (48% in both branches) and after administrative, intermediation, reinsurance and personal costs the operative profits are negative. This would be a risk in case of a bad financial performance of the investments or the market in general that will be analyzed in the last part of the chapter.

Looking into the evolution of the ceded insurance premium to reinsurance companies, figure 19 and 20) we can see an average growth of 15% between 2000 and 2016, with a significant increase in 2015 when the flows went from COP 4.1 billion to COP 5.6 billion. On the other hand, the export of insurance as reinsurance had two break points, the first one in 2005 when it grew from COP 7.8 billion to COP 14.6 billion in one year, after that point and during the following 9 years the level of exports keep around that level with an average growth of 6%. After that, there is another breaking point in 2014, passing from COP 27 billion to COP 56 billion in one year, and then to 80 billion the next year.

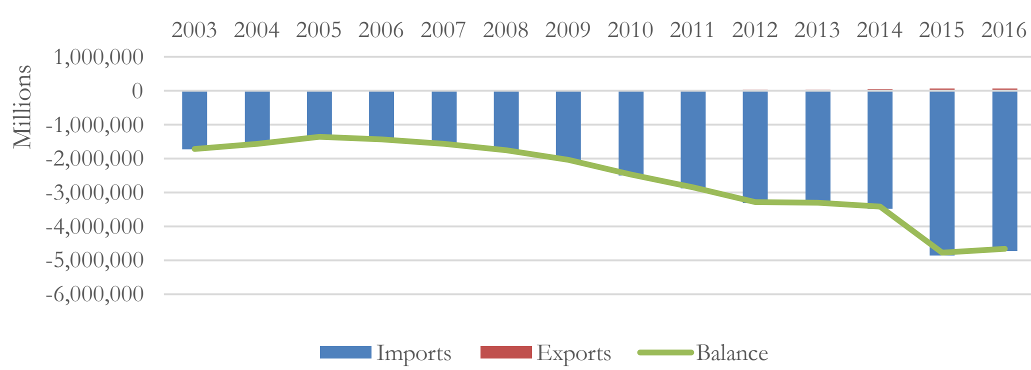
Even if the values are small in comparison to the imports of reinsurance, it is important to see that the framework that starts changing in 2013 with the announcement of the process of accession to the OECD allows for more companies to start the exportation of their services and also for those who already where in the market to increase the ceded part.

Figure 19: Reinsurance Flows. Values in COP



Source: Own elaboration with data from Superintendencia Financiera de Colombia. Formatos 290.

Figure 20: Reinsurance Balance. Values in COP



Source: Own elaboration with data from Superintendencia Financiera de Colombia. Formatos 290.

Other indicator that could help us to understand the growth of the international activities in the industry, is the number of reinsurance companies registered in Colombia. In 2010 there were 60 companies allowed to receive premiums from Colombian companies and now, in 2016 there are 205 registered companies. In addition, during the last years there have been several movements in the sector with the entry of companies as Swiss Re or Zurich the market, some of these movements are shown in table4.

Table 4: Press articles involving the Insurance Industry.

Date	Companies	Fact
May-13	Swiss Re	The company returned to the market with insurance and reinsurance underwriting operations
September-13	Allianz Insurance	Begins reinsurance underwriting operations
February-14	Swiss Re	The company bought Seguros Confianza to expand their presence in the market
March-14	Coface	The company received the approval of the superintendence to start the underwriting for trade insurance in the country.
April-14	AXA	AXA bought Seguros Colpatria to start operations in the market
January-15	Market	Fasecolda announces that the capital participation in the market from foreign investors has growth 4% during the last 10 years
April-15	Swiss Re	Swiss Re opens new business branches as: agricultural insurance, weather and infrastructure
May-15	Hyperion Insurance Group	Bought a broker company to establish their presence in the market
June-15	FCStone	The company starts operations to underwrite derivatives and forwards

July-15	Zurich Insurances	Zurich announces their entry to the market due to good conditions and growth opportunities
July-15	Lloyds Syndicates	Opening of a Colombian branch office
October-15	Cardinal	The company is bought by J Malucellli and becomes part of a financial group with presence in the whole region
May-16	AIG	Opening of new branch: insurance for bicycles
July-16	SURA	The company bought small insurance companies across the region to expand their presence in the region and become a multi-latin company
February-17	Arthur J Gallagher	Entry to the market, it is the last one of the 5 largest insurance and reinsurance brokers that has arrived to Colombia
May-17	JLT	Expansion to new branches, specially in IT insurance

Source: Own compilation based on Press articles

5.2.2. Threats and Opportunities

It has become clear that the insurance sector has grown in Colombia for the last years. On one hand, the sector has been developed, and the penetration of the insurance market, defined as the number of risks insurance over the total number of risks, increased. On the other hand, the new regulatory framework, generated by the adoption of standards that seek the country's entry to the OECD, has boosted the growth of international operations due to the opportunity for foreign companies that now find less barriers for the entry to the market.

Under this scenario, and according to the Porter's generic strategies (2004), companies in the industry can start a search for leadership in costs, gaining the possibility to offer more competitive prices, or generate product differentiation.

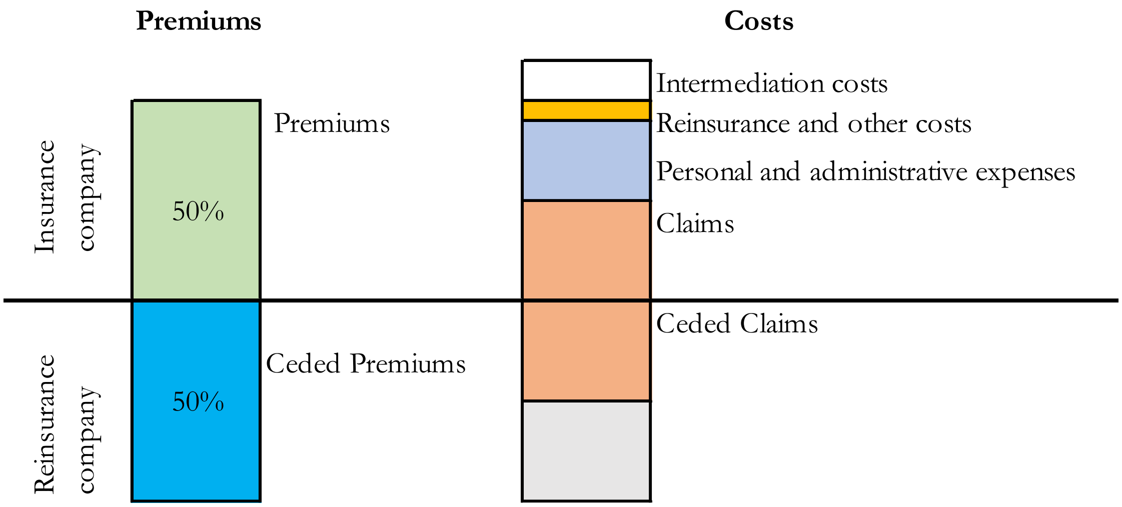
It is expected that companies already established in the market, will face the threat of the arrival or expansion of international companies, with greater emission capacity and with the possibility of offering lower rates by saving on intermediation or reinsurance costs or even with negative profits supported by regional or global operations.

As we have seen, most insurers work with negative operating margins, so a price differentiation could involve assimilating higher risk levels with lower incomes and would have to cover even more losses with the profits obtained from the investment, which can be volatile or sensible to financial crisis. This has been the strategy of Sura, who has the highest emission, but a low technical result (Operative profit) in comparison to other companies. We can found here also the cases of Swiss Re or Zurich, who had been operating as reinsurers for several years and now have decided to venture into the market directly, even with lower prices and giving up to operative profits. We can infer that they are following an aggressive strategy to enter into the market, from the performance reported to the Superintendencia: The claims in 2016 of Zurich were just COP 28 million and the premiums COP 18.607 million.

To clarify, the average main costs for insurance companies (Figure 21) are the claims (nearly the half of the premiums are destined to cover them) that can not be predicted; the administrative and personal cost (that consumes a 20% of the premiums underwritten), intermediation costs (represent approximately 12 % of the premiums, and the reinsurance and other costs (5%). Whit this in mind, and assuming that the personal and administrative expenses can not be reduced easily (an exception for bigger companies who can centralize operations for several countries with regional headquarters), the cost where the companies can found an advantage would be the reinsurance costs and the intermediation costs, but this only represents the 15% of the costs.

Under those conditions, the price differentiation can be a strategy for bigger companies that are subsidiaries in the country, eliminating the 5% of reinsurance costs and bargaining with intermediaries for lower fees also in regional levels. Nevertheles, with the current negative operative profits, a longer exposure to financial risk and accordingly, the non-operative profits is no desirable and sustainable. This becomes the cost and consequently price differentiation in the less expected strategy for small companies and even for the longer ones in the long-term.

Figure 21: Premiums and Cost composition



Source: Own elaboration

The other option is a product differentiation**,** which is consistent with the need of a market penetration or development. According to Fasecolda the insurance market in Colombia only reaches a 4% coverage, while in countries like Brazil it is 6% and in countries like the United States or Germany, this indicator reaches 10%. However, this is difficult to achieve in the short term, taking into account that insurance is not considered a priority in the market. This is explained by the studies by Enz (2000), Browne MJ, Kim K (1993) and Beenstock M, Dickinson G, Khajuria S (1988), which show that countries with low levels of GDP per capita report a lower penetration of market than those with higher levels of GDP per capita. Additionally, the increase of GDP is followed by an increase in penetration. This also explains why the macroeconomic conditions of the country are attracting new actors to the industry, due to the expectations of a future growth of the country's economy and with this, its GDP.

In this field, advances have also been made, such as JLT with computer insurance, Sura with the opening of the bicycle branch or AIG, who intensified the sale of microinsurance and focused on less developed sectors as agricultural insurance**.** The new products are an opportunity and according to Fasecolda, the market is asking for several kinds of insurance policies that are not being covered currently.

Other of the opportunities that the industry will face in the coming years, is the current expansion of the infrastructure sector with the 4^{th} Generation highways, which are expected to take at least 10 years and will boost the construction sector. This governmental program aspires to renew the main roads that connects the cities and the ports with modern highways.

The main opportunity is in the all-risk (construction) branch, but also present an opportunity for insurers in branches as compliance or civil liability, giving the opportunity to expand the market and rely on these branches while new and more complete strategies are developed.

Finally, local or established insurers can seek alliances with international insurers, obtaining better reinsurance commissions (Kong JT, Singh M, 2005). With this, they could expand their operations looking for bigger businesses where they could not present an offer previously. That would allow them to be more competitive, but would also imply greater levels of risk. One of the ways to make this type of alliance is *fronting*, which turns the company into an intermediary or local representative for global insurers and cedes the risk in full. However, some insurers that had offered these alliances to local companies are already entering the Colombian market as in the case of Zurich or Swiss Re.

Under this scenario, we can conclude that the accession to the OECD, and more specifically the process, brings liberalizations to the movement of capitals that affect the financial and insurance sectors representatively. It mainly causes the arrival of new actors, especially insurers, reinsurers or brokers of financial services positioned in larger markets, which find in the new conditions a fertile terrain for expansion. This change of scenario implies the need for changes and adoption of strategies, either in price or in product differentiation. This thesis has described what insurers have seen and announced to the market so far, however, the impact of these measures or the development of specific strategies for each company goes beyond the scope of this study, but can be one of the ways to continue this research in the future.

6. CONCLUSION, LIMITATIONS AND NEXT STEPS

In the first chapter, we demonstrated that theoretically and by praxis, the OECD promotes international trade and, along with it, the development of the countries who belong to it. From that on, we can conclude that belonging to the OECD gives an extra impulse for the growth of the economies from an economical approach.

In addition, from the second chapter we can conclude that the OECD members are main role players in the Colombian economy. More than 60% of the trade of goods and services with other countries have as origin or destination OECD members. Likewise, the organization members are main actors in the inflows and outflows of FDI activities with Colombian resident companies involved. Consequently, it is understandable why the government has a desire to strengthen the commercial relations with those countries and, as part of its efforts to get closer to them, become a member of the organization.

In the third part, it became evident that despite the positive effect of the OECD on trade analyzed in the first chapter, the impact on the Latin American countries that have become members is less clear. Nevertheless, the trade and FDI flows have been stable and that stability could be stimulated and strengthened by the adoption of standards and of the conditions stablished to become a member of the organization.

Finally, after analyzing the financial and insurance services, it was clear that the effects of the liberalization of the capital movements and all the legal framework changes have a clear impact, and the OECD entry is an indicator that foresees good conditions for growth of the sector. We found that even in countries like Mexico and Chile, where some exceptions were made to protect the companies against big risks, the process of accession to the OECD represents a breaking point.

In the specific case of Colombia, we can expect that the increase in the number of insurance companies in the country will keep the rhythm it has had in the last years, since the bigger companies can move regional operations from other countries in the neighborhood to Colombia, which has already been evident. It is also expected that new products will start to be offered as part of diversification strategies and branches such as All-risk, compliance or international exports insurance will grow, given that the conditions asked for international companies such as Zurich, Coface, Solunion or Euler Hermes to enter the market are being fulfilled and they have been registered as insurers in the superintendence since 2014.

In conclusion, however there have also been criticisms, such as the one made by economist Jan Kregel, who in an interview conducted by Portfolio in 2014 warned that Colombia made a big mistake in trying to enter the OECD because this should only be done by countries with a similar degree of development to the members of organization and could lead to a crisis of competitiveness and productivity. Despite these warnings, sectors such as insurance predict only benefits with the greater availability of foreign capital and, in turn, consumers will receive benefits in the development of new products and better prices.

Said that, we need to clarify that during the development of this study some limitations were found, as the fact that the countries analyzed in the study does not have enough historical data to make a standard econometrical analysis, usually used in this kind of comparisons, as the made by Rose (2005). Though, means and deviation test were made over the data available to support the statements realized regarding the effect of the process or the membership to the OECD.

On the other hand, only Colombia, Chile and Mexico were taken, due to the geographical distance to the EU, main members in number and size of trade (with US), but this study can be also complemented with the inclusion of countries as Korea or Australia due to their geographical distance from the main participants of the OECD. This can also be expanded with the inclusion of countries that are not members but participate in the cooperation meetings and committees as Brazil.

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APPENDICES

Appendix 1: Trade in Chile and Mexico

Chile	Trade			Exports		Imports	
USD Millions 2010 Constant prices	Value	Growth	net	Value	Growth	Value	Growth
Average	$55,304	6.6%	$9,989	$32,647	7%	$(22,658)	7%
Average Before OECD Process	$35,339	7.3%	$9,270	$22,305	8%	$(13,034)	8%
Average After OECD Process	$159,566	3.0%	$13,740	$86,653	1%	$(72,913)	5%
Average Before OECD Membership	$41,825	6.9%	$10,150	$25,988	7%	$(15,838)	7%
Average after OECD Membership	$167,629	3.7%	$8,647	$88,138	2%	$(79,491)	7%
1970-1974	$10,085	4.1%	$(919)	$4,583	7%	$(5,502)	2%
1975-1979	$13,257	10.0%	$3,390	$8,323	13%	$(4,933)	8%
1980-1984	$18,958	1.6%	$4,470	$11,714	3%	$(7,244)	0%
1985-1989	$23,322	10.3%	$9,029	$16,176	10%	$(7,147)	11%
1990-1994	$40,616	10.6%	$13,770	$27,193	10%	$(13,423)	12%
1995-1999	$68,870	9.3%	$18,486	$43,678	9%	$(25,192)	9%
2000-2004	$91,965	7.5%	$27,624	$59,794	7%	$(32,170)	9%
2005-2009	$138,664	5.9%	$23,407	$81,036	3%	$(57,628)	11%
2010-2015	$170,817	2.2%	$7,596	$89,206	2%	$(81,611)	3%

Mexico	Trade			Exports		Imports	
USD Millions 2010 Constant prices	Value	Growth	net	Value	Growth	Value	Growth
Average	$244,396	8%	$(113)	$122,142	9%	$(122,254)	8%
Average Before OECD Process	$69,235	9%	$(3,936)	$32,650	11%	$(36,585)	9%
Average After OECD Process	$536,331	7%	$6,259	$271,295	6%	$(265,036)	7%
Average Before OECD Membership	$64,566	9%	$(4,430)	$30,068	11%	$(34,498)	8%
Average after OECD Membership	$450,818	8%	$11,205	$231,012	7%	$(219,807)	9%
1970-1974	$37,836	10%	$(13,745)	$12,046	6%	$(25,790)	11%
1975-1979	$50,302	7%	$(13,119)	$18,591	14%	$(31,710)	5%
1980-1984	$84,672	6%	$(1,443)	$41,614	15%	$(43,058)	0%
1985-1989	$95,503	7%	$15,817	$55,660	4%	$(39,843)	13%
1990-1994	$172,250	14%	$1,640	$86,945	15%	$(85,305)	15%
1995-1999	$317,290	12%	$44,598	$180,944	12%	$(136,346)	13%
2000-2004	$462,813	5%	$7,625	$235,219	4%	$(227,594)	7%
2005-2009	$589,237	5%	$(13,914)	$287,661	4%	$(301,575)	5%
2010-2015	$765,402	6%	$(9,238)	$378,082	6%	$(387,320)	5%

Chile USD Millions 2010 prices	Gross Trade	Growth	Net Trade	Growth	Service exports	Growth	Service imports	Growth
Average	$12,238	5%	$(1,134)	-4%	$5,552	6%	$6,686	5%
Before OECD Process	$8,397	6%	$(687)	-13%	$3,855	7%	$4,542	6%
After OECD Process	$23,764	3%	$(2,475)	24%	$10,644	2%	$13,120	5%
Before OECD Membership	$9,627	6%	$(758)	-7%	$4,435	6%	$5,192	6%
After OECD Membership	$25,297	3%	$(3,017)	12%	$11,140	2%	$14,157	4%
1980-1984	$4,903	-3%	$(950)	13%	$1,976	-6%	$2,926	-1%
1985-1989	$4,417	11%	$(822)	-1%	$1,797	17%	$2,619	9%
1990-1994	$6,905	8%	$(215)	-158%	$3,345	10%	$3,560	6%
1995-1999	$10,188	6%	$(497)	81%	$4,846	5%	$5,342	8%
2000-2004	$12,152	6%	$(935)	-1%	$5,609	7%	$6,543	6%
2005-2009	$19,196	6%	$(1,128)	24%	$9,034	6%	$10,162	7%
2010-2015	$25,297	3%	$(3,017)	12%	$11,140	2%	$14,157	4%

Mexico USD Millions 2010 Prices	Gross Trade	Growth	Net Trade	Growth	Service exports	Growth	Service imports	Growth
Average	$35,095	2%	$(2,814)	5%	$16,140	2%	$18,955	3%
Before OECD Process	$26,685	3%	$1,164	-2%	$13,925	3%	$12,760	4%
After OECD Process	$40,447	2%	$(5,346)	9%	$17,550	1%	$22,896	3%
Before OECD Membership	$27,573	4%	$1,369	-2%	$14,471	3%	$13,102	4%
After OECD Membership	$40,467	2%	$(5,802)	9%	$17,333	1%	$23,135	3%
1980-1984	$23,435	-4%	$(1,564)	-47%	$10,936	-5%	$12,499	-2%
1985-1989	$22,606	7%	$2,449	32%	$12,527	8%	$10,078	6%
1990-1994	$36,680	7%	$3,220	8%	$19,950	7%	$16,730	8%
1995-1999	$34,415	-3%	$4,059	17%	$19,237	-5%	$15,178	1%
2000-2004	$36,830	4%	$(6,143)	18%	$15,344	2%	$21,486	5%
2005-2009	$42,600	1%	$(8,495)	6%	$17,052	0%	$25,548	2%
2010-2015	$46,766	4%	$(11,491)	-1%	$17,637	6%	$29,128	3%

Developed with data from World Bank national accounts data, and OECD National Accounts data files. The growth is calculated as the percentage difference between the value of the current year and the previous one. The average is simple.

Appendix 2: FDI in Mexico and Chile

Foreign direct investment, net inflows (BoP, Constant 2010 US$)	Chile		Mexico		Colombia	
	Average Value	Average Change	Average Value	Average Change	Average Value	Average Change
1980 - 2015	$7,206	9.5%	$16,440	6.1%	$4,721	9.8%
Before OECD Process	$3,477	11.0%	$4,344	4.4%	$3,792	9.7%
After OECD Process	$18,393	4.6%	$24,091	7.1%	$13,775	10.4%
Before OECD Membership	$4,513	10.2%	$5,013	10.1%	$-	0.0%
After OECD Membership	$20,668	6.1%	$24,521	3.2%	$-	0.0%

	Period Average	Change between Periods	Period Average	Change between Periods	Period Average	Change between Periods
1980-1984	$494		$4,376		$773	
1985-1989	$1,181	139.1%	$3,340	-23.7%	$951	23.0%
1990-1994	$1,709	44.7%	$7,665	129.5%	$1,160	22.0%
1995-1999	$6,837	300.1%	$15,099	97.0%	$3,632	213.1%
2000-2004	$5,458	-20.2%	$27,429	81.7%	$2,834	-22.0%
2005-2009	$11,401	108.9%	$26,613	-3.0%	$9,324	229.0%
2010-2015	$19,579	71.7%	$26,789	0.7%	$12,101	29.8%

Data from the International Monetary Fund, Balance of Payments Statistics Yearbook and data files.

Foreign direct investment, net outflows (BoP, constant 2010 US$)	Chile Average Value	Mexico Average Value	Colombia Average Value
1980 - 2015	$3,643	$3,756	$1,384
Before OECD Process	$1,036	$188	$1,033
After OECD Process	$11,463	$6,019	$4,917
Before OECD Membership	$1,539	$267	
After OECD Membership	$14,162	$6,236	

	Period Average	Period Average	Period Average
1980-1984	$21	$60	$123
1985-1989	$11	$228	$46
1990-1994	$525	$565	$134
1995-1999	$1,908	$1,057	$599
2000-2004	$2,186	$2,666	$551
2005-2009	$4,584	$6,552	$2,931
2010-2015	$13,184	$12,758	$4,493

Appendix 3: Insurance and financial services flows

Insurance and financial services Exports	Chile		Mexico		Colombia	
	Average Value	Average Change	Average Value	Average Change	Average Value	Average Change
1980 - 2015	$255	7.0%	$1,320	3.2%	$152	-3.1%
Before OECD Process	$123	5.3%	$761	-0.9%	$159	-3.5%
After OECD Process	$651	13.0%	$1,683	5.9%	$67	-0.8%
Before OECD Membership	$150	7.4%	$771	0.0%		
After OECD Membership	$782	4.7%	$1,720	5.6%		

	Period Average	Change between Periods	Period Average	Change between Periods	Period Average	Change between Periods
1980-1984	$39		$896		$223	
1985-1989	$87	123.6%	$643	-28.3%	$226	1.2%
1990-1994	$99	14.6%	$745	15.9%	$297	31.6%
1995-1999	$180	81.5%	$966	29.7%	$135	-54.7%
2000-2004	$166	-8.0%	$1,528	58.1%	$64	-52.8%
2005-2009	$326	96.3%	$1,759	15.2%	$66	3.7%
2010-2015	$753	131.3%	$2,353	33.7%	$64	-2.6%

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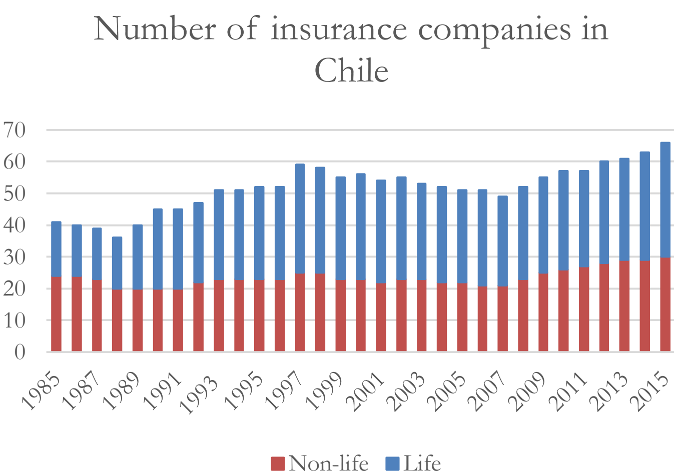
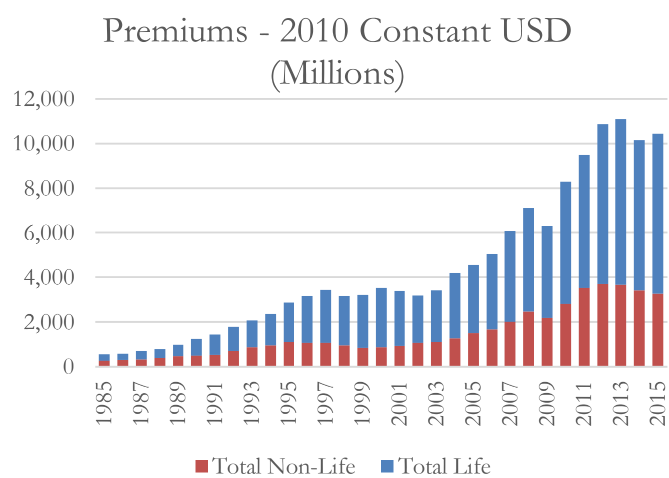
Insurance and financial services imports	Chile		Mexico		Colombia	
	Average Value	Average Change	Average Value	Average Change	Average Value	Average Change
1980 - 2015	$663	9.1%	$2,416	3.9%	$646	4.7%
Before OECD Process	$296	9.4%	$1,015	3.3%	$564	5.3%
After OECD Process	$1,766	8.1%	$3,308	4.3%	$1,438	0.5%
Before OECD Membership	$399	11.2%	$1,069	4.0%		
After OECD Membership	$1,986	-1.2%	$3,376	3.9%		

	Period Average	Change between Periods	Period Average	Change between Periods	Period Average	Change between Periods
1980-1984	$55		$1,137		$305	
1985-1989	$98	79.5%	$785	-31.0%	$346	13.3%
1990-1994	$116	18.3%	$1,291	64.6%	$371	7.2%
1995-1999	$351	202.9%	$3,153	144.2%	$515	38.6%
2000-2004	$660	88.0%	$2,968	-5.9%	$656	27.5%
2005-2009	$1,115	69.0%	$3,082	3.8%	$796	21.4%
2010-2015	$1,969	76.6%	$4,077	32.3%	$1,333	67.3%

Appendix 4: Insurance market evolution in Chile

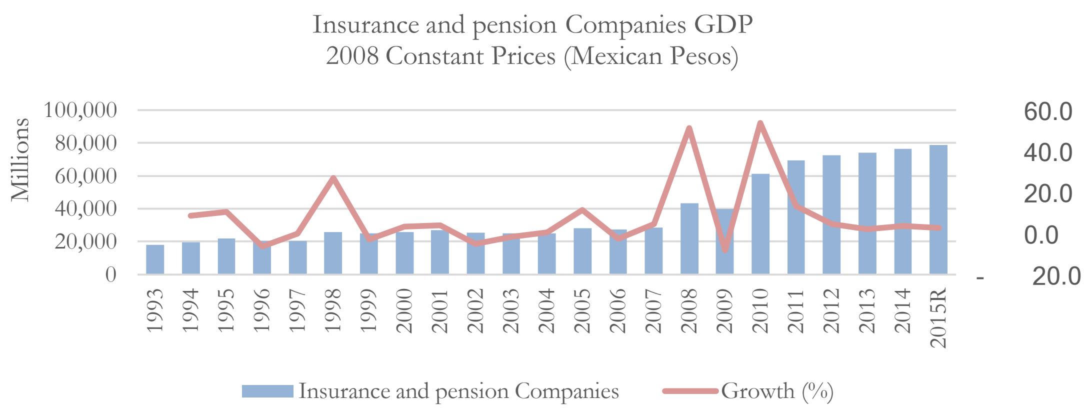
Number of companies			
Year	**Non-life**	**Life**	**Total**
1985	24	17	41
1986	24	16	40
1987	23	16	39
1988	20	16	36
1989	20	20	40
1990	20	25	45
1991	20	25	45
1992	22	25	47
1993	23	28	51
1994	23	28	51
1995	23	29	52
1996	23	29	52
1997	25	34	59
1998	25	33	58
1999	23	32	55
2000	23	33	56
2001	22	32	54
2002	23	32	55
2003	23	30	53
2004	22	30	52
2005	22	29	51
2006	21	30	51
2007	21	28	49
2008	23	29	52
2009	25	30	55
2010	26	31	57
2011	27	30	57
2012	28	32	60
2013	29	32	61
2014	29	34	63
2015	30	36	66



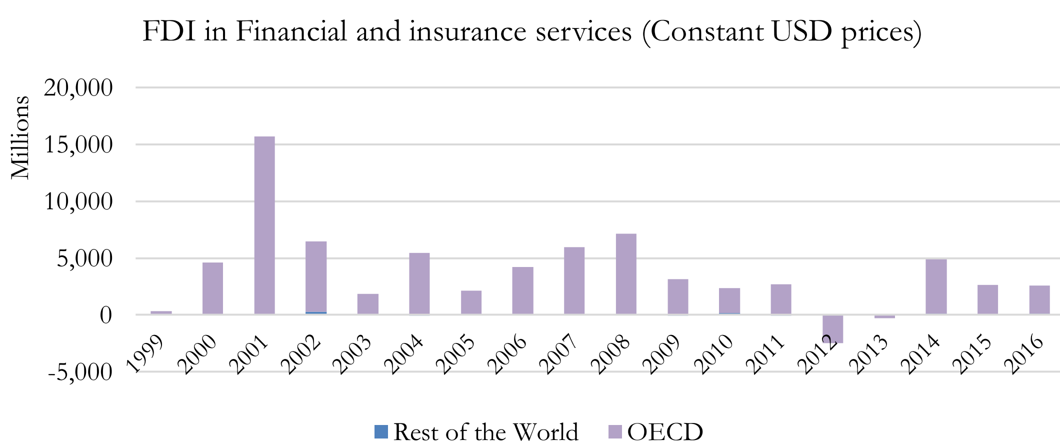


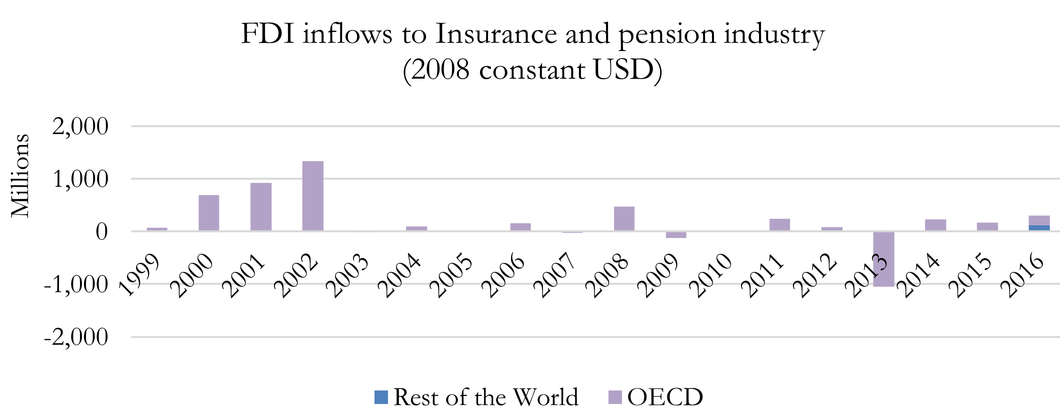
Data extracted from Superintendencia de Valores y Seguros. Chile.

Appendix 5 Insurance sector in Mexico



Built with data from the national institute for statistics and geography of Mexico (INEGI)





Built with data from Economy Secretary of the Mexican Government.