

**ANALYSIS OF THE EFFECTS OF THE COVID-19 PANDEMIC ON THE
INTERNATIONAL TRADE IN COLOMBIA (2019-2020)¹**

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Resume

The Covid-19 pandemic has had diverse consequences, among them, the effects on the economies of the countries and the dynamics of international trade. This research analyzes the impact of the Covid-19 pandemic on Colombia's international trade from March 2020 to December 2020. Although numerical data are used, a qualitative approach is used for an interpretative approach, which allows making new contributions on the explored topic. The results of the study show that the country's economy will be seriously affected by the crisis that the country is going through at international level and, consequently, it generates serious effects on economic growth, an increase in the unemployment rate and a decrease in production and consumption, resulting in a negative impact on trade relations with other States.

Keywords: Covid-19 pandemic, international trade, economy, exports, imports.

Clasificación JEL: F1

Introduction

In accordance with the World Health Organization (WHO, 2010), a pandemic is the global propagation of a new disease which ends up generating a global crisis. Since the year 2020, in Colombia and around the world, it was necessary to face the pandemic of Coronavirus Covid-19, the emergence of this disease has origin in China at the end of 2019 and since then it has been presented not only a health crisis, but also a socioeconomical crisis that has negatively impacted all countries (Economic Commission for Latin America and the Caribbean [ECLAC], 2020).

International trade is an important factor for the growth of nations because it stimulates its economy and its development. By presenting an event as unexpected as that of the pandemic, many countries were seriously affected, since a disturbance of this caliber both for the economy and for international trade in general, has no precedents and has caused a contraction on production and global consumption.

It is important to point out that among the economic factors that have been most affected as the increase in unemployment, the decrease in national production and the weakening of international trade can be highlighted. The measures taken by governments around the world have derivative in the interruption of a large part of the productive activities of the countries (ECLAC, 2020).

As for Colombia, there are investigations such as that carried out by Bonet Morón and others (2020), where the economic impact, both regionally and sectoral, which have had the measures of preventive isolation during the pandemic are evaluated. The research used a methodology that allows us to analyze shocks of supply and demand through the matrix of

intermediate consumption and the final demand, in addition to taking into account the intersectoral relationships to determine aggregate effects on the product. The results thrown by the study aim that there will be a reduction in the number of employees, are going to present great economic losses and the most affected economic branch will be the one of services.

On the other hand, the macroeconomic unit of analysis, UMAC, (2020) addressed what were the impacts that have been submitted during the pandemic on economic activity in the short term in Colombia, through an analysis of the production of each sector and its demand for the development of this investigation, an exploratory study was carried out and it was possible to conclude that the Colombian economy fell sharply due to mandatory quarantine and that, although gradually the economy has returned, the worst performance was recorded in April 2020.

Additionally, Mejía (2020) evaluated the possible contexts of growth, unemployment and current account that the Colombian economy could present by 2020. Through an exploratory study, he carried out an analysis of the current situation and the approach of three stages: optimistic, pessimistic and a half. It was possible to conclude that the economy is suffering two unprecedented shocks, which are the pandemic and the oil war between Saudi Arabia and Russia where the impact of these events will depend on the magnitude and duration they have. In the same line of analysis Sánchez Ramos (2020) concluded that Colombia is a country that does not have economic capacity to sustain compulsory subject isolation since it high growth in unemployment rates is evident.

Likewise, Gómez Molina and Molina Pérez (2020) studied the impact of the pandemic in the global economy in recent months to determine what the causes, consequences and economic

business management and development of new skills and technological tools used to face up this crisis. For its development, the contributions of specialists and the personal knowledge of the authors were taken into account and it was found that between the most beaten sectors is the economic, a situation that is presented at a global level.

When analyzing these investigations, it is evident that they agree that many economic sectors will be affected by the pandemic, causing a slowdown in most of the productive activity and leading to an economical crisis in the country. Similarities are also found in terms of the approach of different economic consequences as the fall of gross domestic product (GDP), increased unemployment rate and depreciation of the national currency.

Everything points out that the pandemic will leave a deep economic recession and the approach of complex global challenges; the need to achieve a sufficiently solid recovery is evident, based on the implementation of policies, both sanitary and economic, as well as initiatives of international cooperation in order to mitigate the impact, protect the population and strengthen the ability to prevent similar situations in the future.

In this order of ideas, the present investigation is to analyze the effects generated by health measures for the containment of COVID-19 in the international trade in Colombia, since the pandemic declaration in March 2020 until December of the same year, specifically what were the sanitary measures implemented by the Colombian Government, especially those that affected international trade, and the behavior of international trade in the country is contextualized during 2019, a period prior to the pandemic declaration, and during the year 2020 when the measures were implemented. Based on the differences that are identified between both periods, the effects that the pandemic generated on Colombian international trade is analyzed.

1. Reference framework

To analyze the effects of the pandemic in the international trade in Colombia, it is essential to establish the concept of commercial flow, which corresponds to the total of the purchase and sale of goods and services that a country does with other states in a defined period. These flows measure the trade balance of nations where all imports and exports from a country are recorded allowing key aspects of national economic behavior.

Exports correspond to the total sales of goods and services that a country performs to other States and, contrary to this, imports are the total of goods and services that a country acquires from other nations. It is then that when the balance of exports exceeds that of imports there is what is called a commercial surplus, which could be raised as the ideal scenario because it implies the entry of more economic resources; on the other hand, when the balance of imports exceeds that of exports, a trade deficit is presented which can bring unfavorable consequences for the country's economy.

Taking into account the above, it can be said that the good behavior of exports, in macroeconomic terms, are the factor that best demonstrates economic development; it is considered that the commercial surplus is one of the most important indicators regarding international trade. A surplus balance is then something positive for countries since "national producers and economy in general have greater resources to carry out their activities and develop new ones and, thus, encourage and develop the national economy" (Cultural Network of the Bank of the Republic, 2020).

On the other hand, when a trade deficit is presented, it is usually associated with something negative because in economic terms, in addition to the country is not able to self-

sufficient, it has a deficit balance, which indicates that its sales are lower than the acquisitions carried out from other states. Likewise, a balance in deficit usually affects the economic activity of a nation and, generally, is the origin of macroeconomic imbalances, since that output of economic resources should be compensated. Given this situation, the State is obligated to carry out public or private debt issuance in case it is necessary to continue acquiring goods and services from abroad.

In the framework of the research, it is important to be clear about this concept, because it wants to measure the impact of the pandemic in these commercial flows, therefore, what is interesting to know are the affectations in the balance, if there was a surplus or a deficit in this.

On the other hand, it is also necessary to clarify the concepts of supply and demand. "The demand refers to the number of goods or services that a market desires at a specific price. Offer refers to the number of goods or services that is offered in a market under conditions" (Cultural Network of the Bank of the Republic , 2020). Between the offer and demand there will always be an interrelation, because both buyers and sellers manifest their interests through these. Normally the bidders seek to satisfy the needs of the plaintiffs with products or services they need and call their attention, seeking profits. In this way a price is fixed on the market, which fluctuates as buyers acquire or not the product or service, or depending on their shortage in the same market. It should be noted that both parts of must agree with the amount offered and the price imposed by the market.

Finally, it is necessary to differentiate the concepts of international trade and foreign trade. Although they are usually used to refer to similar aspects, its meaning goes beyond only transactions outside the national borders. According to Huesca Rodriguez (2012) international

trade consists of the operations and exchange of the goods and services carried out by countries around the world, while foreign trade refers to transactions and norms within the exchange of these goods and services. Therefore, it is considered that the use of international trade concept is the most appropriate and the commercial flow is functional for the correct development of research.

2. Methodology

This research makes use of a qualitative approach. Although it is evidently investigated numerical data and important figures, they are not statistical data or that they must be worked by means of mathematical formulas to find a required result. The objective of the qualitative research approach, is to carry out an interpretative approach to the study of the project, that is to say, that it intends to give a sense (Alvarez Gayou, y otros, 2014) in order that the inquiry can contribute and provide new results on the subject explored.

The development or level of knowledge of the project focuses on an exploratory research scope, because it allows the resolution of problems on the studied topic and additionally contributes to an approximation to it. The exploratory study contributes to the search and recognition to learn more about some topic and its nature (Muñoz Aguirre, 2020). By the application of an exploratory method, the answers to the existing doubt can be known with certainty, with the end to provide new, concrete and veridic knowledge.

The data collection technique is mixed, since both secondary and primary data sources are combined. The first are documentaries because the data collected and analyzed will be extracted from other studies carried out through the bibliographic review of reports, articles and books specialized in the subject.; the second are sources of field, since the researchers were the ones who

built the analysis of their own data collection by means of an interview with Diego Alejandro Quintero, analyst five of the National Tax Direction and Customs, in the city of Medellín. The combination of this data will allow to analyze in depth the effects of the pandemic in Colombian international trade, because not only documentary sources are analyzed, but also has first-hand information on the subject.

3. Results and/or findings

This section presents the findings found throughout the investigative process. It begins with a brief description of the sanitary measures implemented by the Colombian government to contain the spread of the virus in the national territory. Next, the behavior of international trade in the country is analyzed in the period of 2019 and 2020. Finally, the analysis of the differences presented by the economic sector presented from the effects generated by sanitary measures.

3.1. Sanitary measures for the containment of the Covid-19

According to the Ministry of Health and Social Protection of Colombia (2020), for the containment of the propagation of the virus, the measures that have been adopted up to date can be classified into three primary sources: sanitary and health emergency measures. Social, economic and ecological emergency measures and measures of public order and others of ordinary nature. Each type of measure has focused on different issues, in order to try to address all the problems that occurred due to the pandemic from various points. The implementation of these strategies were carried out through decrees and resolutions issued by the national government.

Health and emergency measures, emphasize strategies such as the suspension of the establishment of trade and beverages, isolation of elderly people, establishment of biosecurity protocols, among others. On the other hand, social, economic and ecological emergency measures cover matters such as taxes exemption (IVA) for Covid-19 goods, access from vulnerable homes to food and medicines and occupational hazards (ARL) promotion and prevention actions, among others. Finally, for public order and ordinary measures strategies have focused on customs measures, borders, free zones and others.

Considering that international trade is one of the main bases that move the country's economy, the prohibitions and restrictions taken did not apply in the same way. In this regard, the national government sought to guarantee and preserve its operation under strict biosecurity measures and following all the necessary protocols for its proper development. Consequently, international trade had exceptions on issues such as the closure of borders and facilities in terms of taxes exemption and tariffs for certain products, presentation of customs documentation by electronic means, realization of online procedures and flexibilization of customs traffic procedures, among others.

However, the measures taken initially to mitigate the propagation of the virus, such as specifically marketing agricultural, cleanlines and pharmaceutical products, led to a fall in trade and weakening in both, internal production and demand by the country business partners about the most relevant products, including oil, coal, gold and some manufactures, which finally produced a downward trend for country exports. It is precisely this aspect that will be analyzed below, mainly through the behavior of exports and imports from Colombia, before and during COVID-19.

3.2.Behavior of international trade in Colombia during 2019

Colombia, compared to various countries in the world, is a country with a very low commercial opening index (Economic Affairs Directorate, 2020). In accordance with the information presented by the National Statistics Administrative Department (DANE, 2020), in 2019, the country closed external sales at a total value of US \$ 39,502 million in FOB, this figure, in relation to the closure in December of 2018, decreased by 5.7%. The decrease in exports was due to the fact that the sale of fuels and products of the extractive industries had a fall of 11.1%.

According to the same institution, the export of fuel and the products of the extractive industries had great participation, since they represented 53% with total export value of US \$ 22,023.8 million. In December 2019, 18.5 million barrels of crude oil were exported by showing a fall in sales with respect to the previous year of 7.6%. The reduction of sales of this sector is explained by the low demand that sales of Hulla, coke and briquettes, which subtracted 14.5 percentage points to the fuel and extractive industries sector.

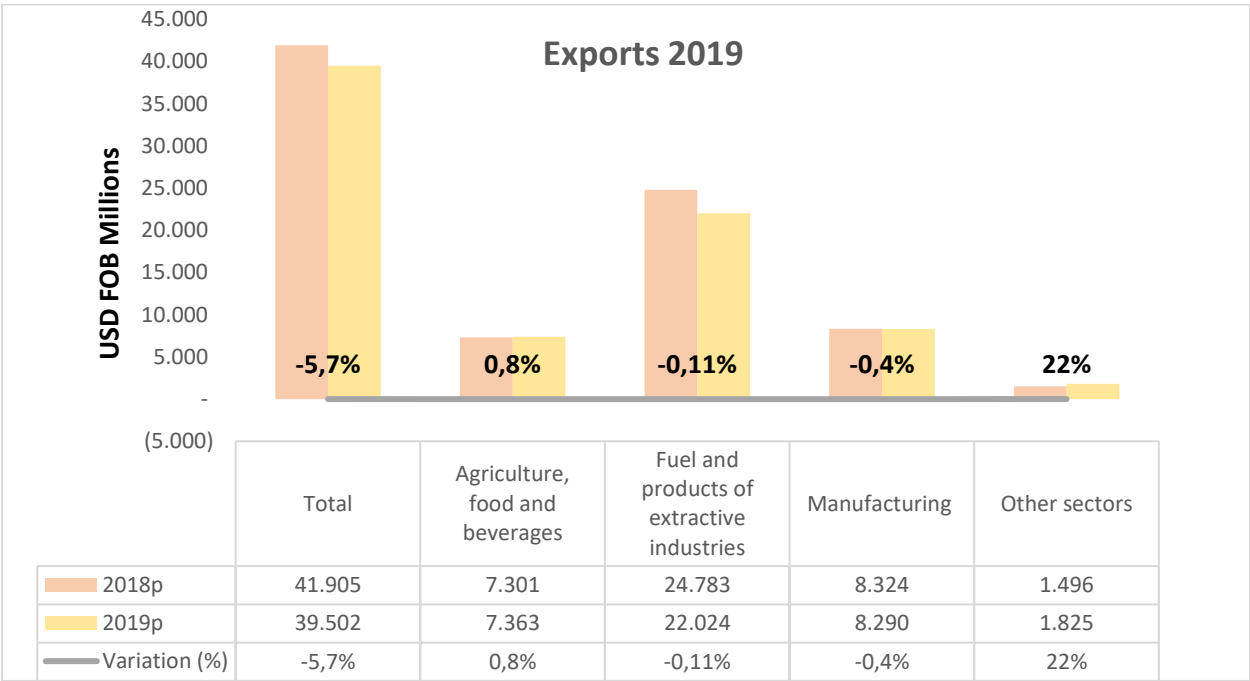
This source also affirms that other sectors that participated in Colombian exports in 2019 were manufacturing with 20.7% and US \$ 8,290.3 million in FOB value. The sector presented a negative variation of 0.4% compared to 2018, which was due to the growth of external sales in manufacturing articles that subtracted 0.9 percentage points to the sector. Followed by the products of the agricultural sector as food and beverages, which earned 18.7% with US \$ 7,362.7 million in FOB value, which showed a growth of 0.8% compared to 2018, increase that is explained by the Great demand for coffee without toast decaffeinated or non-decaffeinated, as well as the coffee peel that managed to increase 0.9 percentage points to the variation of this

group. Comparing the year 2019 and 2018, the other sectors had a 22% stake, which had growth in exports due to an increase in non-monetary gold sales that increased by 21.9 percentage points to these sectors.

In the following figure, decrease in Colombian exports is evident with 5.7% compared to the previous year. The data shown will evidence that the products such as fuel and the production of extractive industries continue to be the goods that lead the marketing abroad by the country.

Figure 1

Exports year 2019



Note: The figure shows the total of Colombian exports during 2019 and 2018. Own preparation of data provided by DANE (2020)

In 2019, the United States was the main destination of Colombian exports with a stake of 28.6% of the total value exported in FOB; Followed by China with 11%, Panama with 7.1%,

Ecuador with 4.9%, Brazil 3.7%, Mexico with 3.6%, Netherlands 3.1% and other countries 38%. The countries that helped the reduction of Colombian exports were Spain and Turkey, because of the reduction of the purchase of crude oil (DANE, 2020).

In recent years, Colombia has been oriented towards an opening and economic integration at the global level and for this it has used tariff preference agreements, its the United States, the country that participates as the main trading partner for the country. Arenas Valdivieso and Garcés Bautista (2016) analyze that the Free Trade Agreement has not only helped the improvement of commercial relations but also in the political and economic aspect between the two countries, as well as the competitive advantage tanks to the use of the treaty and the strategies established for exports and imports of goods and services, the mobility of people and the increase in foreign investment.

The same authors also analyzed, that this agreement has been one of the most significant progress in economic matters for Colombia, since it generated opportunities for all Colombians, promoted jobs and provided employers opportunities to carry out long-term investments, increasing their capacity productive and accessing in favorable conditions to the US market. In this order of ideas, the United States is key to improving the indicators of Colombian international trade and that is why it is important to maintain stable business relationships with this country.

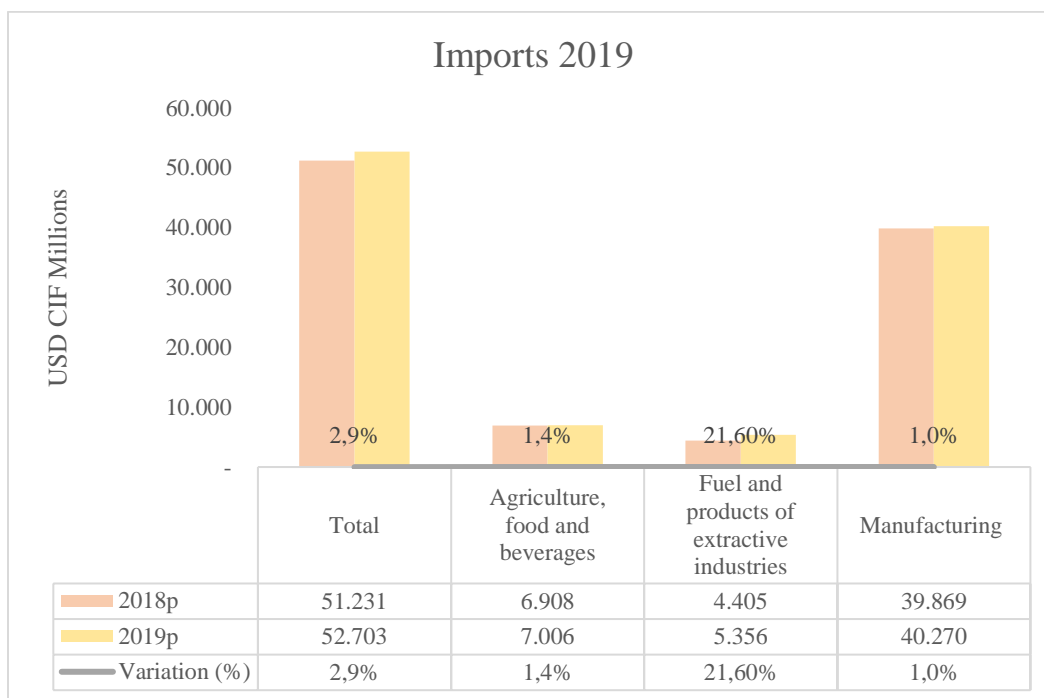
Regarding imports, according to the information provided by DANE (2020), Colombia in 2019 had a close to December of US \$ 52,703 million total value in CIF. Imports this year presented a growth of 2.9% in relation to the year 2018, behavior that occurred most thanks to purchases to the fuel and products sector of extractive industries increased by 21.6%.

The same source says that, in the period from January to December 2019, the manufacturing sector had a participation of US \$ 40,270.5 million of the total value of imports in CIF, these increased 1% compared to the previous year. The largest purchases made in the manufacturing sector were of machinery and transport equipment, providing 4.2 percentage points in the variation of the sector. This sector was followed by the group of agricultural products, which in the period of the same year external purchases were carried out in cereals and cereal preparations, this sector of food and beverages had a participation of US \$ 7,006.3 million in CIF and increased 1,4% compared to 2018, added 3.4 percentage points to this group. The fuel and products sector of the extractive industries presented an increase of 21.6% and US \$ 5,356.5 million purchases in CIF value, this increase was thanks to imports of fuel and lubricants and related products, which contributed 22.5% to said group.

The field of manufactures is the one that leads most of the imports, where the most bought products in the national territory are road vehicles, medicinal and pharmaceutical products, steel iron and plastics. The following figure shows this situation:

Figure 2

Imports of 2019



Note: The figure shows the total of Colombian imports during 2019 and 2018. Own preparation from data provided by DANE (2020)

The information presented further shows that imports originating in the United States had a strong participation in the period 2019 with 25.2% of the total registered, followed by China with 20.8%, Mexico with 7.4%, Brazil with 6.0%, France 2.7%, Japan 2.3% and other countries 31.4%. The countries that helped the growth of Colombian imports were: China, Brazil and the United States who represented 2.1 at percentage points for the increase in external purchases. Imports from free zone decreased 0.3 percentage points by virtue of the fall in external purchases of non-alcoholic beverages. The purchases made in China helped the increase due to the importation of electronic equipment for telephony and telegraphy (DANE, 2020).

In accordance with the above, it can be concluded that having exports a total value in FOB of US \$ 39,502 million and imports a total of US \$ 52,703 million in CIF, the Colombian

trade balance presented by 2019 a deficit of US \$ 10,769 million FOB, this is because imports remain higher than exports.

3.3. Behavior of international trade in Colombia during the year 2020

Although at the end of 2019 it began to present various cases of apparently, a "pneumonia" in Wuhan-China, was at the beginning of the year 2020 when the world began to demonstrate the severity of the Virus Covid-19 and the dangers of its rapid expansion. At the beginning of March of the same year, the spread of this disease began to impact Colombia and the country's internal economy, began to deteriorate from the declaration of the health emergency,

While it is true that Colombia is an underdeveloped country highly dependent on what it produces, to a large extent on fossil fuels, the effects of the pandemic situation contributed to the decline of the economy and exports. These effects are visible in the international trade figures that were reported regarding the previous year and the decline suffered by the economy as a result of the emergency. Specifically, the great dependence on the extractive industry has contributed to the fact that productivity is decreased, since the demand for fossil fuels has also suffered a great fall, countries such as Colombia, whose exports depend heavily on products such as oil they have been highly affected" (Vanegas, 2020).

According to DANE (2020), during the months of January, February and March of the year 2020, notorious decreases in Colombian exports were presented, with a total of -8%, where the products derived from fuel and other similar industries decreased in 15%; this result can be closely related to the fall of the sale of Colombian crude. There was also a fall of at least 9% in the export of manufactured products. In contrast, the export of food products during this same

period presented an increase of 3.7% in this same time lapse, the United States, China, Panama and Mexico were presented at main export destinations.

According to the same institution, in the second quarter of the year 2020, that means, in the months of April, May and June, the panorama of Colombian exports did not improve or changed significantly, because the world economy declined more and more and the purchases of foreign products were less. Crude exports submitted a decrease of 19.7% in April, 3.5% in May and 25.8% in June, larger figures if compared to 2019 and last months. Products derived from fuel and other similar industries decreased by 70% in April, 56% in May and 50% in June; in addition, manufactures accounted for 41.3% in April, 38.4% in May and 21.4% in June and, unlike the first quarter of the year; food products also fell into their exports with 9.4% in April and 11.7% in May; however, in June these exports increased by 17.2%, although the main export destinations in these months of the year continued to be the same, China and the United States did not have the same participation because they reduced their imports from Colombia due to the crisis.

Colombian exports throughout the following months continued in decrease. In July, the total decrease in total exports reached 21.7%, 21.3% in August and 17.5% in September, although in a way a minor decrease was noticed after month, important factors could be considered as the making decisions on the part of the government and the attempts of merchants for continuing their operations.

The same source states that, in the last three months of the year 2020, that are October, November and December, crude exports also presented a decrease in their exports of 12.1%, 13.2% and 25.8% respectively. Products derived from fuel and other industries fell by 42.7% in

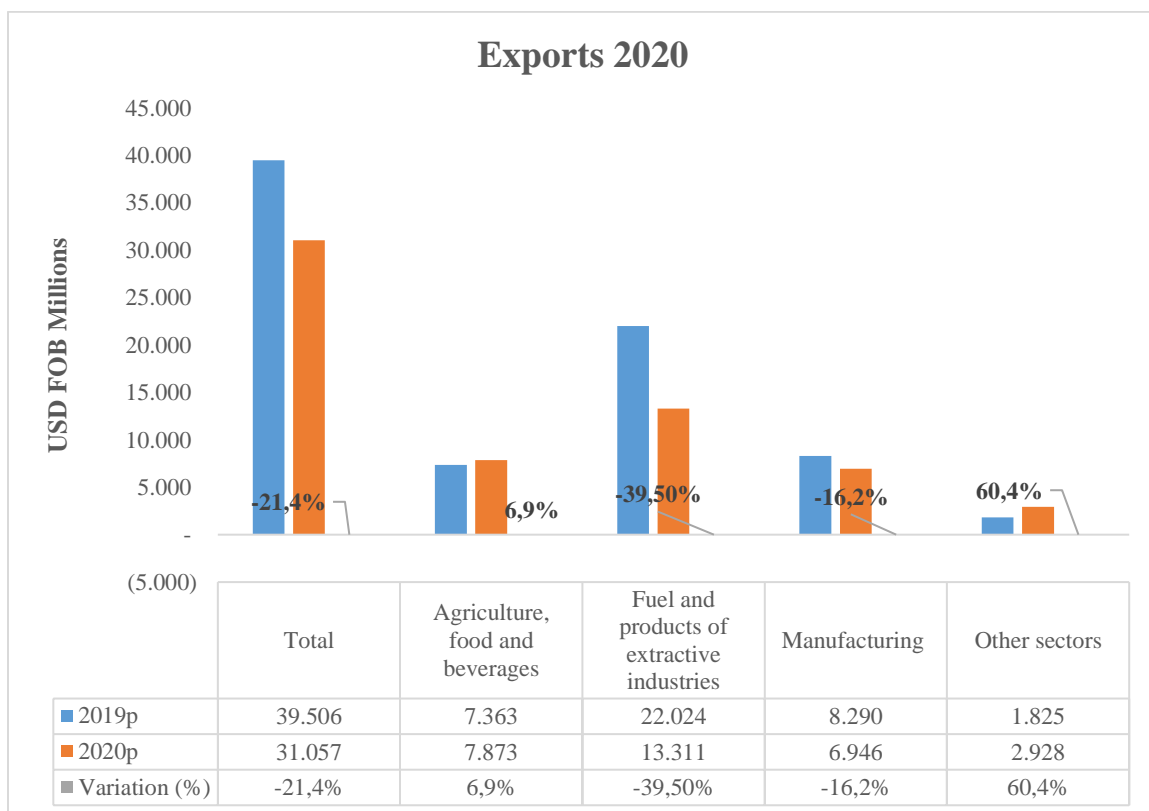
October, 42% in November and 36.1% in December. In October, manufactures decreased by 22.3%, however, in November and December, because sales of chemical products that could solve in other countries emergency, increased by 3.8% and 7 % respectfully. This happened with food products, since they increased by 2.8% in October, 16.5% in November and 32.9% in December, which allows us to conclude that these last two industries showed a positive recovery after several months in decline as a result of the measures to contain the propagation of the Covid-19.

Between January and December 2020, Colombian exports had a value of US \$ 31,057 million FOB and remained principal destination United States. In the same way, other countries such as China, Brazil, Ecuador and Panama had participation and although during this period, participation was not the same compared to the previous year, they remain the same trading partners who lead this list of participation.

The following figure is evidenced by the decrease in Colombian exports in 2020 compared to the year 2019 showing the most important and total sectors, each with its respective variation:

Figure 3

Exports 2020



Note: The figure shows the total of Colombian exports during 2020 and 2019. Own preparation of data provided by DANE (2020)

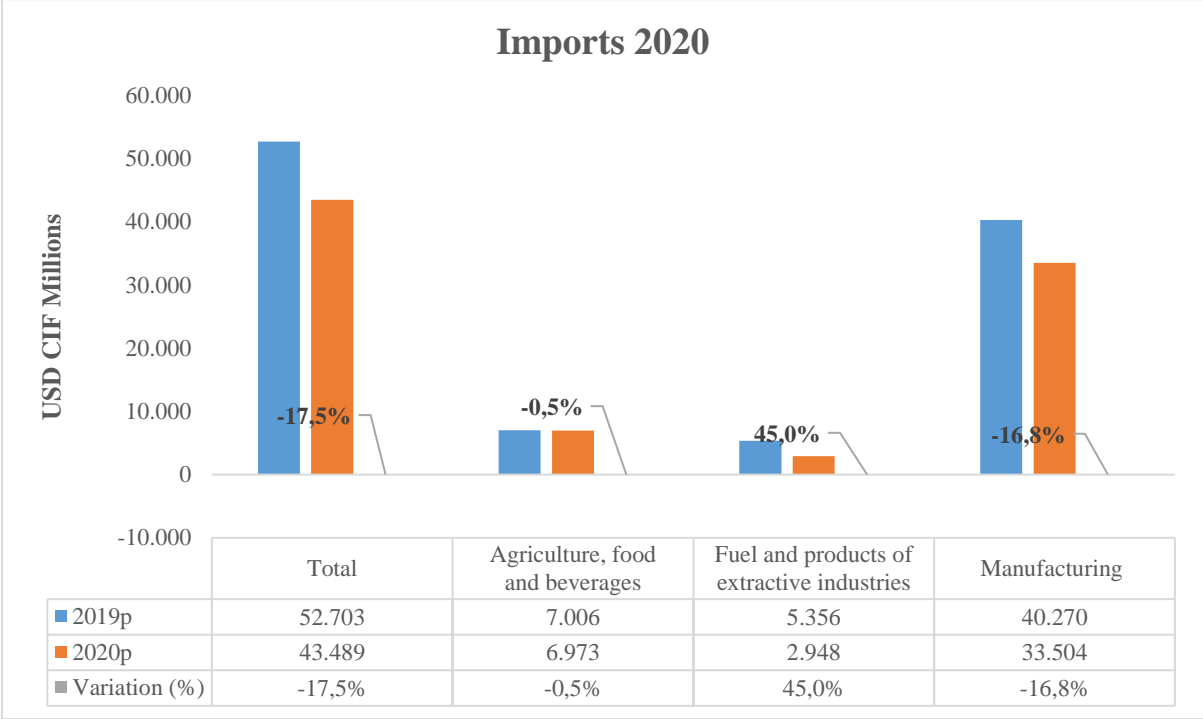
By other side, DANE (2020) affirms that, in the country, imports have traditionally been led by the same three sectors: the manufacturing sector, the agricultural sector and the food sector. The decrease in product imports from these sectors can be attributed mainly to the economic impact that Covid 19 caused.

The purchases that were made in 2020 were mainly originally to the United States, with a contribution of 24%, which is explained by the strong commercial relations that are with the northern nation. However, commercial interactions were also presented with countries such as China, Mexico, Brazil, among others. In the following figure, decrease in Colombian imports is

evident in 2020 compared to the year 2019 showing the most important and total sectors, each with its respective variation:

Figure 4

Origin of colombian imports by 2020



Note: The figure shows the total of Colombian imports during 2020 and 2019. Own preparation of data provided by DANE (2020).

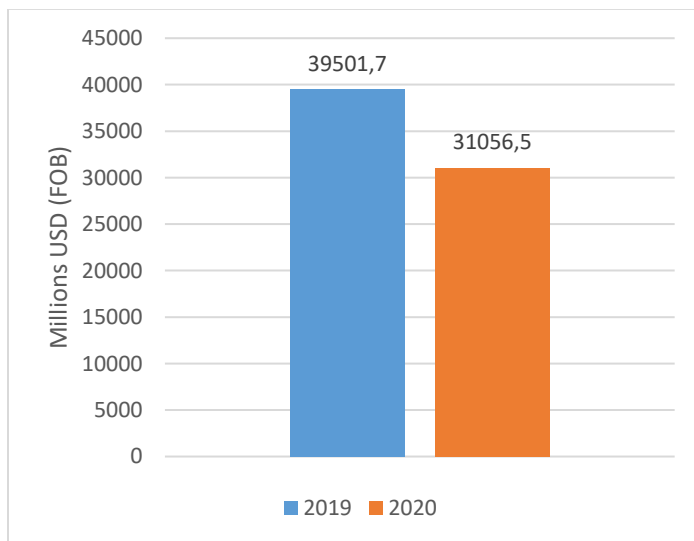
The previous Information allows us to affirm that Colombia in the year 2020 presented a deficit on the trade balance, and, according to the same institution, there was a notorious decrease in both exports with a total in CIF of \$ 31,057 million in 2020 vs \$ 39,502 Millions in the year 2019 for a total variation of -21.4% and imports a total in CIF of \$ 43,489 million for the year 2020 vs \$ 52,703 million for a variation of -17.5%, additionally experienced the largest fall in many years of 6.8% due to the situation that was presented with the Covid 19.

3.4. Analysis of the differences in the behavior of international trade in Colombia between 2019 and 2020

By comparing the behavior of Colombian exports between 2019 and 2020, a decrease of 21.4% is identified, approximately between the two years:

Figure 5

Variation of exports between 2019 and 2020



NOTE: The figure shows the variation of the total Colombian exports between 2019 and 2020.

Own elaboration from the values analyzed in previous sections.

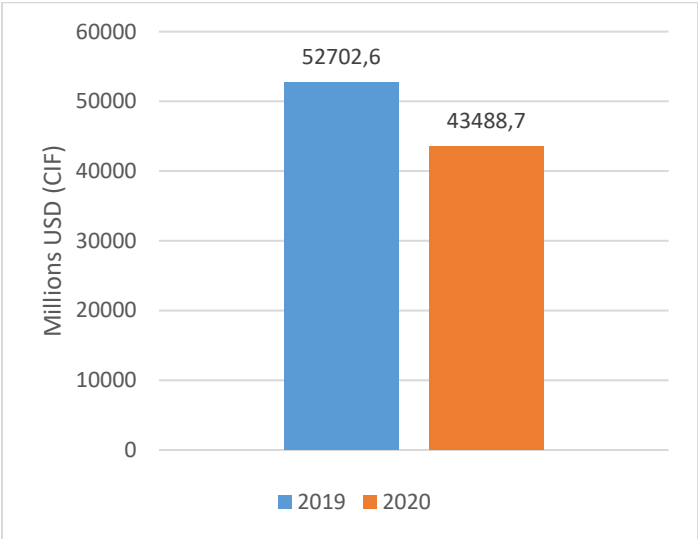
This situation is partly explained by the strong fall that had both the price and the sale of oil, one of the main products of the country's exports. Sales of products belonging to extractive

industries had a decrease of 39.5% compared to the same period of 2019, according to DANE (2020).

According to Mojica and Romero (2020), in more than two decades, oil prices fell at minimum levels, negative prices registering for the first time. Taking care about the current conjuncture, where there is a broad overhead, a global economy seriously affected by isolation measures and increasing productivity its evident that the low demand for fossil fuels worldwide has a strong incidence on sales from Colombia abroad. On the other hand, imports recorded during 2020 presented a negative variation of approximately 17.5%, in relation to the previous year.

Figure 6

Variation of imports between 2019 and 2020



Note: The figure shows the variation of the total of Colombian imports between 2019 and 2020.
Own elaboration based on the values analyzed in previous sections.

This situation is given, in part, by the generalized slowdown in the economy that was presented since years worldwide and according to Quintero (personal communication, May 1821), by the condition that generated the stagnation of some commercial routes and the closure of ports and airports around the world by the health crisis. According to Sánchez (2020), the virus has resulted in the worst fall in country imports in the last decade.

The decrease in the value of imports is mainly given in the manufacturing, agricultural and food industry, which had an obvious reduction. Likewise, it should be taken into account that domestic demand has also been reduced due to the strong fall of both consumption and business investment.

Consequently, it is possible to determine that the country has had a deficit behavior during the two years analyzed, which increased by 48.8% by 2020. This commercial deficit has as a consequence that the trade balance is unfavorable and that the present state liquidity problems. The situation makes it necessary to compensate for the deficit by means of indebtedness to continue buying, so the prolongation of this situation is negative for the national economic situation.

These problems are deepened by the dependence on the country towards imports, especially those that originate in their main trading partner: United States. The closure of borders and the restriction of several countries on the export of fundamental goods to face the pandemic were key factors to affect the entry of goods to the country, affecting its economy. This imbalance is generating a gradual reduction in the reserves of the Central Bank, because the departure of the currencies by imports is greater than the income generated by exports, thus

provoking a devaluation of the national currency. The above has as a consequence that the level of indebtedness increases and that the population loses purchasing power.

Therefore, the country has increased this indebtedness in order to meet the liquidity and resources needs derived from the health crisis. The subagency of monetary policy and economic information of the bank of the Republic (2020) noted that the national debt reached an amount of US \$ 138,175 million in 2019, which was equivalent to 42.7% of GDP; the debt increased to US \$ 154,000 million in the first year of the pandemic, which is equivalent to 55.4% of the national GDP. According to the same institution, the National Government spent 4.1% of GDP in aid and financing measures for the most vulnerable groups during the pandemic which increased the fiscal hole that already had the finances of the State.

In consequence, the financial problems of the state have affected the welfare of the population. According to DANE (2021, p.24) for this year, "monetary poverty was 42.5% and extreme monetary poverty was 15.1% in the national total". The above indicates that, considering that the population of Colombia is approximately 50 million inhabitants, more than 21 million people earn less than COP \$ 331,688 and, of those 21.4 million, approximately 7 million people are in extreme monetary poverty , winning less COP \$ 145,004 per month.

Despite the crisis and economic difficulties caused by the pandemic, the payment of public debts must be fulfilled, so the government has established, among other measures, the issuance of public debt securities; according to the SEMANA magazine, (December 30, 2020), this broadcast was performed for a total of \$ 53.7 billion for 2021. The objective is to obtain funding for state activities; these titles are fixed income and it is the state who is responsible for the payment of interest.

In the same way, the national government has needed to implement other collection mechanisms in order to relieve debt pressures and preserve the credit rating. It is for this reason that, according to Barría (May 13, 2021), in the second quarter of 2021, the national government raised a tax reform, which included a basic income and planned to raise the equivalent of 2% of GDP as of 2022, of which 1.4% was to deal with the fiscal situation and the remaining 0.6 was to maintain social programs. To implement this reform, the national government, through the Ministry of Finance, proposed through a tax reform several changes, based on two main bases: the first, expand the amount of taxpayers. The second base, through taxes, which would apply to a greater number of services and products, eliminating some exemptions such as electronic and transport products, while adding new (Ministry of Finance, 2021)

According to the SEMANA magazine (April 15, 2021), the authorities must increase the revenue of the government to support fiscal consolidation, as well as propitiating space to increase social spending, which is important since there is a high inequality of income, which was sharpened by the pandemic.

However, when considering the current situation of the country, where high unemployment rates are presented and the percentage of poverty increases each time more and more, it is not prudent to increase expenses through the taxation of more taxes. The controversy that has been unleashed around this project has revealed the discontent of the population and the need to rethink the proposals established in it. In this sense, since April 28, 2021, the Colombian population has expressed, through protests and demonstrations its nonconformity with reform and other social problems; these led the government of Ivan Duque to withdraw the reform bill on May 2 of the same year.

It is clear that national debt must be paid, so it is necessary to implement a tax reform, but not focused on the country's most vulnerable population. The Extension of finance, Mines and Energy, Transport and Economic Development, Cardenas (2021), has affirmed that the new tax reform has to be minimalist, progressive and with redistributive character, where it is aimed at the fact that the sectors with the highest economic capacity of the country make a great effort of solidarization and there is a strengthening of social policies. We must seek then to raise a new tax reform project that is more focused on changing the preferential deals that have been provided to companies and reduce the expectations of collecting these 2 GDP points to a more realistic figure. In the same way, international reserves are a key factor in weighing the impact of the exchange rate and generating a balance between supply and demand for currency, so a percentage of these could be used, as well as a renegotiation of the external debt in order to generate tax relief at the current situation.

Conclusions

Certainly the Colombian economy was strongly affected since the appearance of the Covid 19. The isolation generated fear not only in Colombia but in the world and effectively caused affectations at the level of productivity, leading to the closing of companies, the increase of unemployment and, by consequently, affecting consumption levels. This combination of situations affected the values of exports, which together with sanitary measures, generated a reduction for the year 2020 compared to the previous year. When considering the value of imports for the same period, a clear deficit was generated on the country's trade balance, which although it has been a constant in recent years, was deepened by the situation of the pandemic.

Clearly, the national government needs to generate strategies that positively influence the affected sectors, for this, and from the analyzes presented throughout the investigation, it is recommended to gradually reactivate these sectors, through loans from the bank of the Republic, the use of international reserves, the renegotiation of external debt and the elimination of tax privileges for large companies. The ultimate goal should be to provide optimal operating conditions for medium and small businesses, which resume their productive activities and employment is strengthened.

Likewise, it is important to mention that the country needs a tax reform that allows to mitigate the economic damage generated by the pandemic, but a reform that focuses on favoring workers and vulnerable classes. Strategies that strengthen the flow of international trade, especially economic aid focusing on local economies, are also necessary, to generate their reactivation, make them more competitive and facilitate their most active participation in the global market.

It is then needed to look for the best solution to face the economic crisis that the pandemic has brought with it. It is essential to strengthen the Colombian industry so that it can contribute to the fact that the national economy arises and the country is not so dependent on imports.

Similarly, it is necessary that the country does not continue depending on both the commodities and make a greater emphasis on strategies that help diversify the export basket with a greater number of products with added value. It is for this reason, that it becomes fundamental to invest in science and technology to have a substantial improvement in terms of the productive process.

Finally, everything points out that economic recovery will not be immediate, in order to achieve this, it is required that the dynamization of productive activity has a constant growth trend, in order to positively impact the income of each inhabitant in the future. Most likely, considering all the negative conditions that were presented by the pandemic, governments begin to adopt more severe protectionist measures, where they have an approach towards the growth and strengthening of local production, in order to opt for self-sufficiency.

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