



EFFECTS OF CURRENT BEHAVIOR OF THE RMR IN THE COLOMBIAN EXPORT SECTOR (PERIOD 2014-2016)

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Abstract

The main purpose of this document is to identify the effects of the increase in the price of the dollar on the performance of Colombian exports between 2014 and 2016. In order to comply with this objective, is posed an investigative work based on comparative data published by Public entities and previous studies that support the work. In this case, it is necessary to start from two main scenarios, which will serve as an object of analysis. The first one specifically monitors the behavior of the Colombian export sector, while the second presents the main causes and effects of the devaluation of the national currency, within the framework of a sharp decline in the price of oil. For the presentation of the results of the study, a review of the information collected is carried out and the two scenarios are related by establishing the existing links between them. The study highlights the most relevant aspects and the main effects of the behavior of the Representative Market Rate (TRM) in the performance of exports. These results show a directly proportional relationship of the issues addressed, where it is clear that the devaluation of the Colombian peso, is not synonymous with strengthening the export sector.

Keywords: International trade, devaluation, exports, US dollar, oil, Colombian peso.

Content

P.

Introduction	1
1. Project Formulation	3
1.1 Background	3
1.1.1 <i>State of Art</i>	5
1.2 Problem Statement	8
1.3 Justification	9
1.3.1 Theoretical Justification	9
1.4 Objectives.....	11
1.4.1 <i>General objective</i>	11
1.4.2 <i>Specific objective</i>	11
1.5 Methodological framework.....	12
1.5.1 <i>Method</i>	12
1.5.2 <i>Methodology</i>	12
1.6 Scope	13
2. Project execution	15
2.1 Theoretical framework.....	15
2.2 First Scenario: Behavior of the Colombian Export Sector	17
2.2.1 Dependence of the mining-energy sector.	20
2.2.2 Dynamics of exports	24
2.2.3 Destination of exports	27
2.3 Second Scenario: Devaluation of the Colombian Peso against the Dollar American.....	30
2.3.1 The devaluation of the peso against the dollar as a consequence of the increase of inflation in Colombia.....	31
2.3.2 The dollar continued its upward trend against the peso.....	32
2.3.3 Impact of peso devaluation affects Colombia's exports	34
3. Findings	35
4. Conclusions and recommendations	41
4.1 Conclusions.....	41
4.2 Recommendations	43
Bibliographic references	43

List of figures

	<u>P.</u>
Figure 1: Behavior of GDP (2009-2015).....	9
Figure 2: Composition of the Exports of the year 2014.	21
Figure 3: Evolution of participation Mining exports / Non-Mining.	23
Figure 4: Variation of Colombian exports between 2009 and 2015.....	25
Figure 5: Country contribution to the decline in exports in 2015.....	28
Figure 6: Volatility Index of the International Oil Prices.....	31

List de tables

P.

Table 1: RMR Annual average period 2011-2015.....	3
Table 2: Annual inflation in Colombia (2014-2015 Estimated).....	32
Table 3: Dollar price trend against Colombian peso.	33

List of Symbols and abbreviations

List of Symbols

- €. Indicates the Euro currency symbol.
- \$. Indicates the currency symbol Colombian peso.
- US\$. Indicates the currency symbol US Dollar.
- %. Indicates the percentage symbol.

List of abbreviations

- COP. Indicates the currency Colombian Peso.
- NADS. Indicates the entity National Administrative Department of Statistics.
- USA. Indicates the name of the country United States.
- IMF. Indicates the International Monetary Fund entity.
- FOB. Indicates the name of the Incoterm Free on Board.
- OPEC. Indicates the entity Organization of oil exporting countries.
- GDP. Indicates the variable Gross domestic product
- SET-FX. Indicates the name of the Foreign Currency Transaction System.
- RMR. Indicates the representative market rate.
- EU. Indicates the name of the European Union.
- USD. Indicates the currency US Dollar.
- URV. Indicates the unit of real value.
- WTI. Indicates the name of the West Texas Intermediate oil reference.

Introduction

This text intends to know the main effects of the rise of the price of the US dollar for the export sector of Colombia during the period 2014-2016. On the other hand, the reader will be given an analysis on the behavior of the representative market rate explaining how it behaves and what impacts it has on the development of Colombian exports. It takes into account the changes that have taken place within the period of time analyzed this increase of the price and, consequently, the alteration that has had the economy due to this tendency. The document is divided into three chapters which present the topics addressed and the way in which this document is executed.

Chapter one explains how research is structured, where they are presented among other elements; contextual backgrounds, research problem, objectives, methodology, justification and scope mainly based on the time variable.

In the meantime, chapter two is the backbone of the written work, where the two scenarios are addressed, taking into account that the first of these contains the generalities of study of the Colombian export sector and therefore all the issues that derive from it And that represent relevance for the subsequent analysis, in this order of ideas within this theme explains the dependence of the mining-energy sector on the Colombian economy, in addition explains how is the dynamics of the export sector of Colombia among other variables.

While the second scenario contains information that focuses on the behavior of the Colombian peso as local currency against the US dollar as the reference currency and its respective economic repercussions.

Finally, chapter three becomes an analysis, based on the findings derived from the data cited by the research and the follow-up done throughout the study, in this way will answer the questions raised. Next, the reader is invited to discover the content of this investigative work. .

1. Project Formulation

1.1 Background

As evidenced in the following heading in the last decade Colombia has presented a strong exchange rate volatility of the peso against the US dollar with an upward trend, in 2013 the figure was \$ 1,868.90, according to the Bank of Republic of Colombia. For the year 2014 the closing was \$ 2,000,68 while in the year 2015 the representative market rate was \$ 2,746.47. Many speculations have been made on this issue from different perspectives, since it benefits some sectors of the economy (such as tourism, domestic production and remittances) and, on the contrary, not others (such as increased external debt, Other aspects), depending on such volatility.

Table 1: RMR Annual average period 2011-2015

Year	RMR
2011	\$ 1.848,17
2012	\$ 1.798,23
2013	\$ 1.868,90
2014	\$ 2.000,68
2015	\$ 2.746,47

Source: Own elaboration, recovered from: (Banrep, 2015).

As can be seen in Table 1, it is possible to observe the increase rates of RMR, from 2011 to 2015, appreciating the increase that occurred in 2015. As can be seen there was an increase of \$ 745.79 which meant the largest increase in recent years since 2010.

The increase in the value of the US currency is mainly due to the fall in the price of oil. According to an interview by María Isabel Rueda for the newspaper El Tiempo, the Bank of the Republic's manager, José Darío Uribe, pointed out that the devaluation of the peso against the US dollar is due in large part to the variation in crude oil prices, a product that has more participation in Colombian exports and has been gradually decreasing its production, a situation that could negatively affect a large part of the country's foreign exchange earnings (Rueda, 2015).

One of the most important components of the Colombian peso devaluation according to the SET-FX trading platform is the weight of the WTI oil barrel, which was quoted at 32.79 in January 2016 and recorded the lowest levels of the Decade, where the negative behavior of the market in London and New York has worried Colombia's fiscal side, as it depends on crude oil exports largely, affecting the Colombian currency with a devaluation of around 40 percent (Sputnik World, 2016).

According to César Ferrari, who served as the manager of the Central Bank of Peru and IMF adviser for the central banks of Angola and Guinea Bissau, he pointed out that the high dollar is good news for exporters as imports become more expensive, While the national productive sector that is traded internationally may potentiate this conjuncture for the benefit of greater employment. Also highlights Cesar Ferrari, which is positive for Colombia and agrees this exchange rate, upward for the long term, as it will restore peace to the export sector, returning it and forcing it to be more competitive in international markets with a very favorable price in The currency exchange. It is worth remembering that this sector in general was hit in the last decade with a very volatile dollar with downward trend, is for this reason, "to recover to take advantage of the current scenario is not an easy task" (Ferrari, 2015).

According to Armando Montenegro, as a result of the devaluation of the Colombian peso, there were a number of negative aspects for the Colombian economy, causing an increase in inflation, the increase in prices of imported goods and inputs has affected the real income per person and notes that traditional exports didn't increase with the rise in the price of the dollar because the country's exportable supply is in deficit for a long time (Montenegro, 2016).

Even so, with the revaluation of the American currency in the last decade, despite the fact that this phenomenon can generate more income for the export sector, at the moment it has not gained greater competitiveness compared to other countries including the Latin American countries "Colombia has stagnated in competitiveness: occupies the 61st position, among over a hundred countries" (Portfolio, 2016).

Armando Montenegro also explains that the country's economic offer should be reconfigured, replacing oil exports, and implementing the export of industrial and agricultural goods to halt the devaluation of the peso and end these undesirable effects for the economy (Montenegro, 2016).

1.1.1 State of Art

According to the study prepared by the Bank of the Republic (2016) entitled "Evolution of the Balance of Payments and International Investment Position. January-June 2016 " "Colombia's balance of payments records the real and financial flows that the country exchanges with the rest of the world's economies."

Thus, while the first half of 2016 the Colombian balance of payments current account left a deficit of US \$ 6,284 million, in the same period of the previous year was lower by US \$ 3,233 million, that is to say Which was more the flow of American currencies that left the country, in front of the one that entered. This was mainly due to the large deficit in the trade balance of goods, that is, the value of imports was higher than the value of exports in this period. Another aspect that contributed negatively, albeit to a lesser extent, was the deficit in foreign trade in services, a clear example of the panorama of Colombian exports (Banco de la Republica, 2016).

In the same study cited, it is noted that between January and June 2016, the Colombian financial account registered capital inflows of US \$ 6.805 million, lower than US \$ 2.755 million in the same period of 2015, When in total was US \$ 9.56 million. This is synonymous with an imbalance between sales and purchases abroad, mainly due to the decline in exports (Banco de la Republica, 2016).

The Colombian export reality has behaved in a volatile way, taking into account a study presented by Dinero magazine in its informative notes (2016), until the year 2011, sales abroad had a bullish trend in terms of income derived from These operations, after this year, began a decrease channel until the present year 2016, with minimum recovery peaks, driven mainly by the fall in the external sales of petroleum and its derivatives, industrial products and carbon.

The Co-Director of the Banco de la República, Carlos Gustavo Cano, in an interview with Dinero magazine in 2016, defined the aforementioned deficit in the account current as "the Achilles' heel" of the country, since the message this really leaves is that it is spending more than it earns.

Cano, said that changing the landscape will be a complicated task because "the common industrialists, who exported to Venezuela and Ecuador will not only have to wait for the effect of the devaluation, but will have to change its destination." Historically exports take about two years to respond to the effects of the rise of the dollar (Revista Dinero, 2016).

With this panorama, it is essential to deal with this American division, as Diego Armando Velázquez, a valuation analyst, points out in his article published in 2016 for the news portal La Republica: "The Dollar is quoted on average \$ 3,026.99 With an increase of \$ 28.33 in the last quarter of 2015, "Velázquez explains that the fall in oil prices is responsible for the upward trend of the dollar, affecting the devaluation of the peso. He indicated that several countries like Iraq, there is a cut in their oil production, therefore, this new scenario will continue with a dollar with a tendency to rise. In theory, it is a crucial moment to encourage the export sector of Colombia, if you have an account that represents higher income for exporting companies (Velázquez, 2016).

The devaluation of the Colombian peso obeyed by the rise in the price of the dollar, occurs in two crucial moments; The first was the blow to the moment that the US Federal Reserve announced that it would raise rates, from there began the rise in the dollar price, after this the fall of reference prices of oil again again increase the value of the dollar . These two variables have marked the direction of the bullish channel that has been presented since 2011. However, there are other aspects in the panorama. "For example, the reality of the country is that it imports more than it exports, as well as the chances that the government will put a large supply of dollars in circulation by the end of January 2016 and that the Banco de la Republica Sell currencies if volatility increases beyond its parameters "as indicated by Catalina Guevara, analyst of Alliance Values in dialogue with Money Magazine (2016).

They are aspects that foment the upward tendency of the American currency, whose situation does not seem to change in the year 2016 with respect to the previous year.

According to Finance Minister Mauricio Cárdenas, the devaluation is due in large part to the fall in the price of oil, but indicates that it is a key moment to encourage exports of other products, which would lead to the generation of greater Competitiveness and job creation, as well as greater consumption of national goods and services (Cárdenas, 2015).

1.2 Problem Statement

According to the above considerations, the devaluation of the peso against the US dollar is an obvious phenomenon and has a direct impact on the domestic industry. In theory, a revaluated dollar is beneficial to the export sector, since more pesos are paid for dollars sold while a devalued dollar favors imports, since they pay less pesos per dollar bought, it is there where the uncertainty arises if this basic principle Was fulfilled or not in Colombia and gives rise to the question ¿Are Colombian exporting companies taking advantage of the volatility of the representative market rate?

Respect the devaluation of the peso, there are now questions about how the main players to analyze these phenomena are facing, in this case the Colombian export sector in general. Is the Colombian export sector really being favored as a result of the devaluation of the Colombian peso?

For no one is a secret that in theory this phenomenon provides stability and more guarantees to exporting companies, but then, is the picture of this sector really encouraging? In addition, considering that the phenomena of revaluation and devaluation are unpredictable and volatile, depending on many factors, the question arises: Did the increase in the price of the dollar have a negative or positive impact on the Colombian export sector?

1.2.2 Consequences of the problem

As can be seen, the increase in the representative market rate directly benefits the Colombian exporting companies, since as they are international sales, the payments are in foreign currency more precisely US dollar than due to its revaluation at the time of the reinstatement In the national currency market you get more Colombian pesos for every dollar you receive, this can be a double-edged sword if you do not take advantage of this income properly; Since the price of the dollar suffers from volatility, how today can have a high value, in a few months, the outlook may be totally different, this is a key factor that companies must know not to fall into the error that the picture always Will be positive for them, without being prepared for the opposite, it is there where they must face these phenomena if it wishes to stay in the international markets.

1.3 Justification

1.3.1 Theoretical Justification

According to the arguments that have been made, in international business exports are a key factor for all countries, since it is the way in which it brings

to the international market all its productive surplus to create and strengthen relations with trading partners through which are going to obtain profits, and welfare for its collaborators, increasing the positive indices to the commercial balance of the country among others. The Colombian export sector was for many years hit by the devaluation of the dollar against the peso and sometimes had to ask the government to take measures to avoid such strong devaluations of the dollar against the peso that affected them directly as their products became very expensive in the international markets and therefore their sales abroad could be affected and start a crisis in the sector. In this case, the research will focus on the effect it has had in the last two years, the rise in the representative market rate and the devaluation of the Colombian peso against the Colombian export sector.

1.3.2 Social Justification

The research project comprises the area of the Colombian export sector as a generator of employment and benefactor of the Colombian economy. With the recent increase of the US currency has benefited since it receives more income from exporting its productions to the international market where its trading partners are. This generates the great expectation that in the future it will be able to consolidate much more its relations creating new ones, forging as a benefit to the country an increase in the generation of employment, dynamism of the economy and greater well-being for its collaborations. It is necessary to carry out a study on this particular situation for the country.

1.3.3 Personal Justification

Given that international trade is the theme that the authors have chosen as an object of knowledge and understanding that the authors' principles is to contribute to society, this work is important as it allows informing exporting companies or that somehow wish to enter In this medium, to analyze previously the phenomena that can affect them, to achieve better decision-making processes in investments in the launching of new ones.

1.4 Objectives

1.4.1 General objective

To establish the effects of the rise in the representative market rate and the devaluation of the Colombian peso over the Colombian export sector during the period 2014-2016.

1.4.2 Specific Objectives

- To Describe the behavior of the Colombian export sector, exportable products and export destinations in the period between 2014 and 2016.

- To Identify the reasons that explain the rise of the representative rate and the devaluation of the Colombian peso between 2014 and 2016.

- To Analyze the influence of the rise in the price of the dollar in the performance of the Colombian export sector between 2014 and 2016.

1.5 Methodological framework

1.5.1 Method

This paper focuses its research on the performance of exports in the period 2014 - 2016 and parallel to this gives an explanation about the behavior of the dollar price in this same period of time, in this case the peso exchange rate volatility Against the dollar, illustrating in a general way the Colombian economic scenario as a result of these factors. This is achieved through the collection of historical data, official figures, annual comparisons and statistics that help to provide a more visible and open picture that provides numerical data to support research, in order to support the analysis at the end of the investigation. Two scenarios are therefore used to address these issues, thus having an organized method of data collection to more explicitly identify and interpret information; After having the two scenarios defined, then the information is interlaced and the final diagnosis is given.

1.5.2 Methodology

As mentioned, the research focuses on two scenarios for which techniques and means of collecting data from research sources will be used, mainly published by public entities, responsible for producing the official figures and statistics necessary to construct these points of view, and give place to make the subsequent analysis.

The first stage is constructed by tracking the Colombian export sector by means of numerical figures and annual comparative data in order to identify the most relevant information that serves to truly reveal the performance of this sector.

While the second stage, in this case the information is collected based on data and analysis, in order to expose the causes and effects of the increase in the TRM and the devaluation of the Colombian peso, in a scenario in which the price Of oil plays a crucial role.

In the end, the information found that represents more relevance is identified and the results of the figures and data collected are found in both scenarios, to give way to a final analysis which complies with the objectives set forth above.

1.6 Scope

In this graduation work is intended to conduct a study within a time span of two years, ie taking reference data for the years 2014 and 2016 in which the performance of the Colombian export sector is observed in the framework of the behavior of the dollar obeying To a strong volatility of the representative market rate in this period of time, driven by the behavior of oil as a reference product, which has a direct influence on the Colombian economy.

Therefore, the topic of oil is one of the main gears for the development of the study since it is the factor that determines the behavior of both Colombian exports and the price of the dollar, therefore, throughout the study it will be a main element.

This analysis takes Colombian exports as a starting point, as well as issues such as the main groups of products that have undergone variation, the most relevant trading partners and their behavior in general.

On the other hand, the issue of the devaluation of the Colombian peso against the US dollar, referring to the trends, in order to address issues such as inflation and the rise in prices, will be mentioned in a General without maximum detail, since the focus of the investigation is the export sector.

This establishes the basis of the study so that, in this way, a final opinion is established where the data collection and all of these variables are intertwined and therefore respond to the objectives set.

2. Project execution

2.1 Theoretical framework.

In the present research work is intended to analyze the behavior of the representative market rate and the effects it has caused in the Colombian export sector, the study is done in a delimitation of time of two years, i.e., the analysis is done from the year 2014. This research will have two central axes or scenarios, the first is from the perspective of the export sector, observing and knowing its behavior, its dynamics within this period, analyze data based on statistical sources. While the second axis will address the whole issue of the behavior of the representative market rate and the devaluation of the peso between 2014 and 2016, considering the aspects that have influenced his behavior. This is done in order to expose the conjuncture between both scenarios, which will lead to the construction of the final analysis.

The study is based on purely economic information, for this reason a series of concepts are identified that are linked throughout the development of the subject, so it becomes important to know them before starting.

First of all, to know what the devaluation of a currency is, we must understand that since any type of product has some value, the countries' currencies are no exception, they have a certain value. The value of a currency varies depending on whether it increases or decreases compared to another currency, in the case of devaluation, it occurs when the currency of a country decreases its value compared to another reference currency (Banco de la Republica, 2016).

Consequently, revaluation occurs when a currency of one country increases its value against another reference currency, so that this concept becomes the opposite effect of devaluation. For this case, the US dollar is showing a rise in its price on the Colombian currency, i.e. more Colombian pesos must be paid for each dollar (Banco de la Republica, 2016).

For the case study, this phenomenon has a certain relationship with exports, due to the fact that a higher income is generated for the companies that carry out foreign sales operations, i.e. the payment for each product or service sold is made in Dollar, since this acts as a reference currency in international negotiations, for this reason more Colombian pesos are obtained by converting to a dollar at a high price.

In that order of ideas as a tool to measure these phenomena is the representative market rate. As explained by the Banco de la Republica (2016), the value of this rate is the result of the average of all weighted rates of purchase and sale of US dollars in exchange for Colombian pesos within the national currency market, which are carried out by commercial banks, financial institutions, brokerage firms, financing organizations, among others. This rate is expressed in Colombian legal currency, is equivalent to the value that is paid for one US dollar and goes into effect the day after the closing of the foreign exchange market from which the average was made. In the case of the present study, it is important to take into account that an export operation generates a sale of foreign exchange derived from sales made abroad; Being these paid in American currency, therefore, enter dollars to circulate in the Colombian market.

In this way it is crucial to explain how the Colombian legal framework defines an export, which ultimately is the exit of goods and services from the national customs territory to another country (Banco de la Republica, 2015). Colombian exports have been directed mainly to markets of the United States and Andean Community of Nations (ACN).

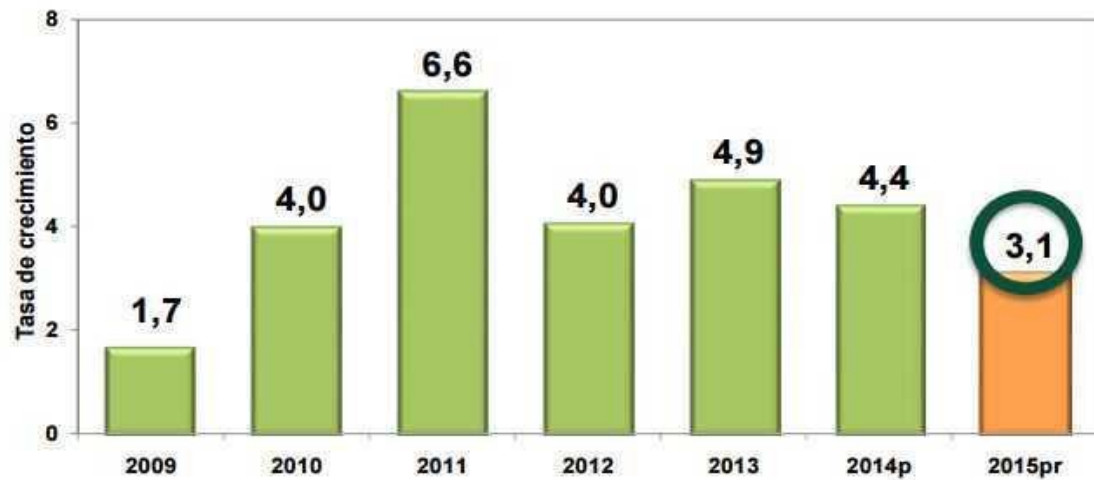
Next, the analysis of the first scenario corresponding to the behavior of the Colombian export sector will be presented, dealing with issues such as Colombian exports in general, exportable products, export destinations, among other elements reflected in the objectives.

2.2 First Stage: Colombian Export Sector Behavior

Colombia has traditionally not been an exporting country, despite the variety of resources and diversity present within its territory, apart from its strategic location, being the only South American country with an outlet to the Pacific and Atlantic Oceans, which in theory represents a virtue apt to boost the outflows and inflows of goods and services to the country, however, in reality this is not used, mainly for lack of adequate infrastructure to facilitate foreign trade operations.

In the Colombian case, it does not have highways capable of transporting large volume goods, besides the fact that most of them are difficult to transit and represent a danger to those who use them, which tends to increase the times and costs. Consequently, at the international level, it is not a major player in world trade, as Indexmundi (2015) indicates in the list of the largest exporting countries, Colombia is ranked 55th out of 220 countries, with neighboring countries such as Venezuela, Chile, Argentina and Brazil. Throughout this chapter, we will mention the most relevant aspects that have marked the course of this sector of the country.

In order to support this analysis, it is necessary to put into context the conduct from 2009 onwards of the Colombian export sector and in particular how it influences the performance of the Gross Domestic Product. According to an economic study prepared by Davivienda (2016), between 2009 and 2013 the national economy presented a significant growth with a peak in 2011 (see figure 1), with oil being the main product that influenced this behavior, as for 2011 the performance of oil production was due to the increase in reference prices, therefore the pressure to take this product out of the country abroad was high and was evidenced in the growth of production, from then on, these prices started a downward trend and to a certain extent domestic production fell considerably compared to previous years, therefore, exports resulting from much of the national industrial productivity had the same scenario, as explained then.

Figure 1. Behavior of GDP (estimated 2009-2015)

Source: Economic studies Davivienda (2016)

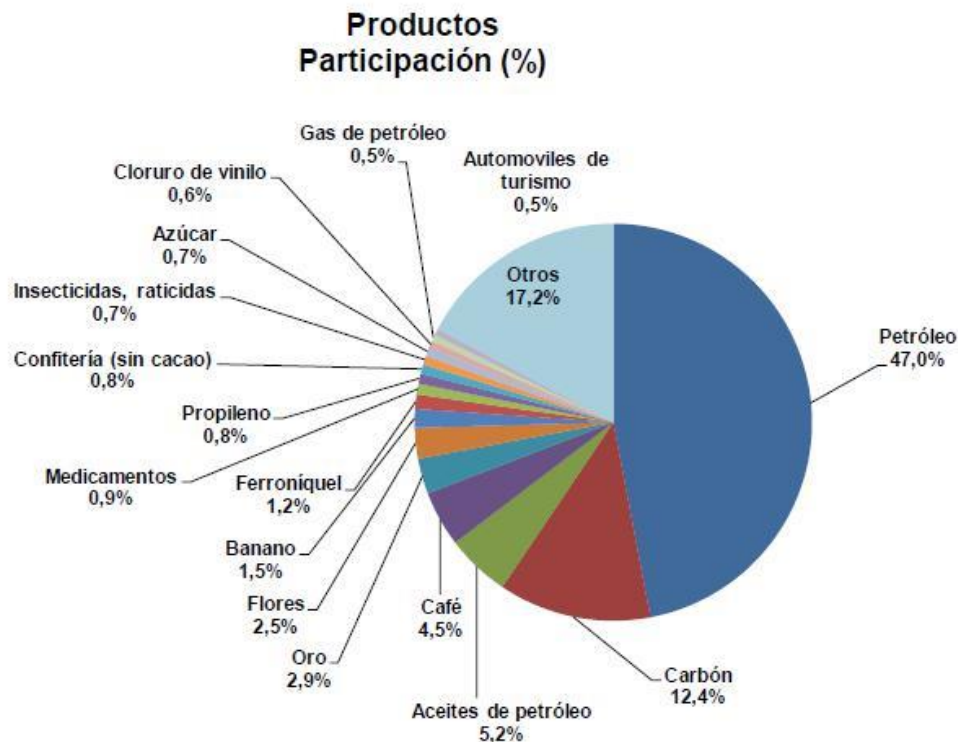
Although around 2014, the main oil exporting countries made adjustments that impacted not only the world oil market, but also the countries whose economy depended on this hydrocarbon, as in the case of Colombia, because of the termination of this boom in oil prices led the country to a drastic process of adjustment of its spending due to its significant decline in income level as a result of these changes of a global nature.

Colombia has been hit by falling international oil prices and taking into account that this is the flagship product of the Colombian export sector, any factor influencing either positively or negatively has a large impact on the national economy. By the way, from the point of view of the Directorate of Economic Studies of Davivienda, the great injury in the national economy that this

phenomenon produced, not only in the same Colombian petroleum sector, but also in groups on which this event impacts , Thanks to this natural resource a large number of municipalities receive royalties, which represents their greatest source of income in these regions, hence the national government as shareholder of the largest company in this sector (Ecopetrol) and main beneficiary of the Oil income felt these effects, both the population and the public entity were the main disadvantaged, as more and more were reduced capital inflows, leaving exposed the vulnerability that represents for the economy the dependence of a product.

2.2.1 Dependence of the mining-energy sector

On this basis, it is important to observe how in Colombia the mining-energy sector which includes the subsectors of mines, quarries and wells of both hydrocarbons and petroleum, products such as coal, ferronickel, also metal mining, nonmetallic, Electricity, gas and refining; occupy such a significant place in the participation of Colombian exports that any type of phenomenon, whether external or internal, has a direct impact on the entire Colombian economy.

Figure 2. Composition of the Exports of the year 2014.

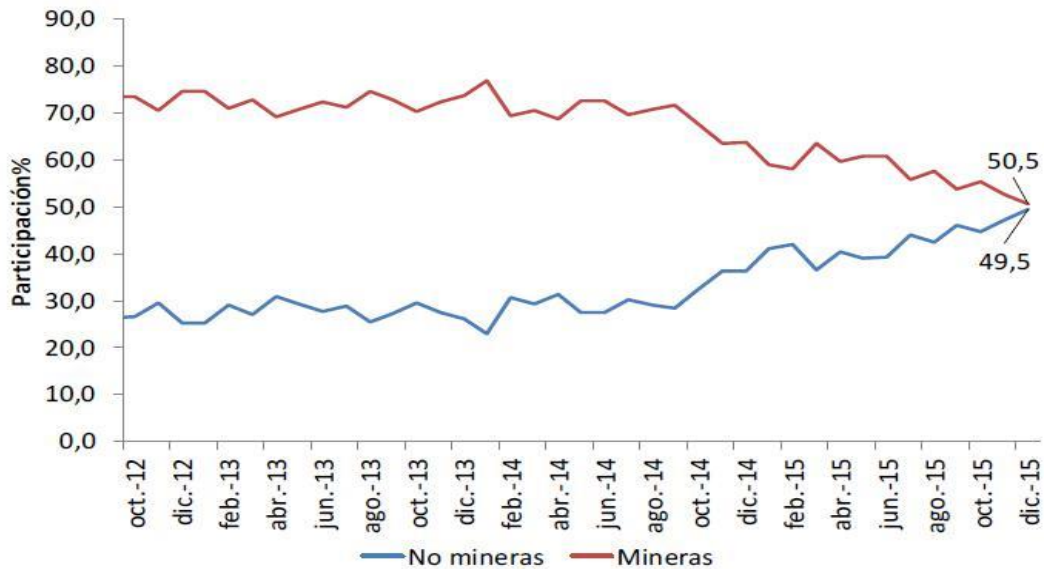
Source: DANE (2015)

As explained by the DANE (2015), by 2014 oil accounted for 47% of total export earnings, as shown in figure 2. Coal is the second most important product, which follows to crude oil in terms of percentage of participation, but for a significant difference representing 12.4% of Colombian exports. This is compounded by the share of oil and gas production with 5.2% and 0.5%, respectively, in addition to the extraction of gold and ferronickel with 2.9% and 1.2%, respectively, in relation to the share of mining-energy exports, while the rest of non-mining and energy sectors are allocated 30.8 %, Reflecting the great subjection of the Colombian economy to a single sector, and in particular to a single product, on which almost half of the profits derived from exports depend.

Of course, if this is added to the idea that the country has not had a very wide offer of products and services to export, despite having a number of resources to take advantage of, in the measure of time sales from Colombia to the outside have been composed for the most part by the same types of products, which are mainly oil, followed by coal, coffee, bananas, flowers and ferronickel; cataloged as traditional exports as reflected in Figure 2.

The impact of the fall in oil prices around 2014 gave way to the diversification of economies in oil-dependent countries. In the case of Colombia by 2015, little progress was made in this task, as exports Non-minerals were gaining ground within the domestic exportable production compared to the previous year, since by 2015, gained almost 20% of participation; a clear reflection of the systematic deceleration of the oil sector in the national economy and an attempt to diversify the types of merchandise offered from Colombia to the outside, driven by a process of price adjustment for the oil sector.

Although there have been significant increases in the non-mining-energy sectors, the structure of the Colombian export sector remains the same as that of a few years ago, and the oil sector in particular continues to occupy quite a large share in proportion to the other sectors that participate and contribute to Colombian exports.

Figure 3. Evolution of participation in mining exports / non-mining

Source: DANE (2015)

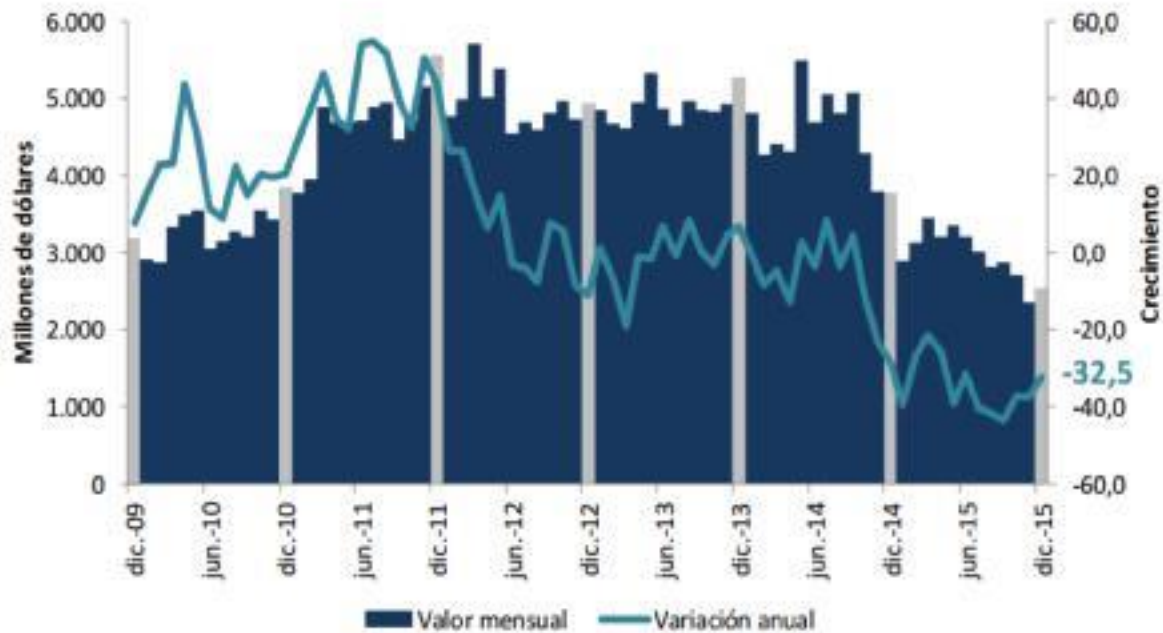
As shown in figure 3, as of December 2015, the gap between the two sectors is shortening, taking reference to the previous year, but also mining energy exports continue to contribute half the country's export earnings, from one From an optimistic point of view, it is easy to see that the share of non-mining exports has increased significantly, implying that in this restructuring the country no longer depends almost entirely on mining-energy products.

The above assertion may sound encouraging, but bearing in mind that a large part of the increase in exports from other sectors was a result of the decline in Colombian oil exports, which according to DANE (2016) External market of - 46.8% in 2015, compared to the previous year, thanks to the fall in oil prices in 2014, it is worth noting that this dysfunction is in values, that is, the production of non-oil Has declined, this becomes a strong attack on the finances of the national economy.

2.2.2 Dynamics of exports

As has been quoted in this chapter in some way or another, the volume of Colombian exports varies according to the performance of the oil sector as the main player, thanks to the large percentage of its share, taking into account the rest of the mining subsector -energy, adding to this the participation in the exports of the other sub-sectors, which have gradually gained ground; Consolidating these data and taking into account these variables will establish the variations presented by the Colombian export sector.

Between 2009 and 2011, Colombian exports showed a periodic increase, with a peak in the middle of 2011 (see Figure 4). From that year, onwards, the Colombian export sector began to consolidate, Since from 2011 until December of 2013 entered a bearish channel but with stable trend, this gave way to the greater decrease of this sector in the last years, since for the year 2014 the Colombian exports decreased considerably and this line continued Until the end of 2015, these last two periods being the lowest sales abroad in the last six years.

Figure 4. Variation of Colombian exports between 2009 and 2015.

Source: Ministry of Industry and Tourism (2015)

Following this assertion and as DANE (2014) mentions in december 2014, exports declined 28.5% in relation to the same month of the previous year, in the accumulated of the year there was a negative variation of 6.8% , with respect to the previous period, this being the largest drop in recent years, driven mainly by the decrease in the external sales of oil and its products, due to the low prices recorded in this period but not volume sold.

It should be noted that in December 2014, 25.6 million barrels of crude oil were exported, compared to 25.5 million barrels in the same month of 2013, representing a 0.3% increase in production. However, in terms of revenues, exports declined by 44.4%, comparing with December 2013, in line with the aforementioned drop in oil prices and taking into account that in that month of 2014 the TRM Had an average value of \$ 2,344.23, while in the same period of the previous year it was \$ 1,934.08, according to data from the Banco de la Republica (2015).

A group that similarly presented a decrease in this year was agricultural products, food and beverages, which presented a variation of -1.8%, mainly due to the decrease in external sales of bananas and sugars such as cane.

On the contrary, the groups that registered growth in 2014 are first that all of the manufactures with a growth of 2.1%, driven by the increase in the exports of chemical products and manufactured goods. It is worth noting the products that contributed most to these sales, gold and coffee sales, which grew by 12.5% and 28.2%, respectively, within their sectors, all these data are compared with respect to the year 2013. These being the products that presented the most variation in the dynamics of Colombian exports in 2014. (DANE, 2015).

Similarly the panorama for 2015 was very similar, as indicated by the DANE (2016), while in the previous year the total value of exports was USD 3,768.1 million FOB, by 2015 The value was US \$ 2.543 billion FOB, representing a drop in sales abroad of 32.5%, following the downward trend that this sector is presenting mainly driven by the fall in oil sales, obeying the already Mentioned drop in crude oil prices and in this case oil production fell in this period, taking into account that in December 2014, 25.6 million barrels of crude oil were exported, while in the same month Of the year 2015 were 22.3 million barrels, positioning itself as the product that had a more drastic drop in exports this year which registered a drop of 46.8% over the previous year.

Other groups that did not have a favorable behavior making the comparative with respect to the year 2014 was the one of the manufactures, since they decreased in 13,0%. The determinants were the fall in sales of ferronickel, essential oils and various manufactured articles. Exports of agricultural products, beverages and food fell by 3.7% compared to the previous year, mainly due to the reduction in exports of confectionery in general and other products derived from sugar, tobacco and flowers. It is worth mentioning the decline in gold sales, which varied negatively by 31.2%.

It is worth highlighting the increase in foreign sales of products such as palm oil with a positive variation of 4.8%, compared to the previous year, and coffee that has shown a strong resistance to the downward trend of the Colombian export sector Which increased by 2.3%, leaving as evidence the strength of this group in terms of sales abroad.

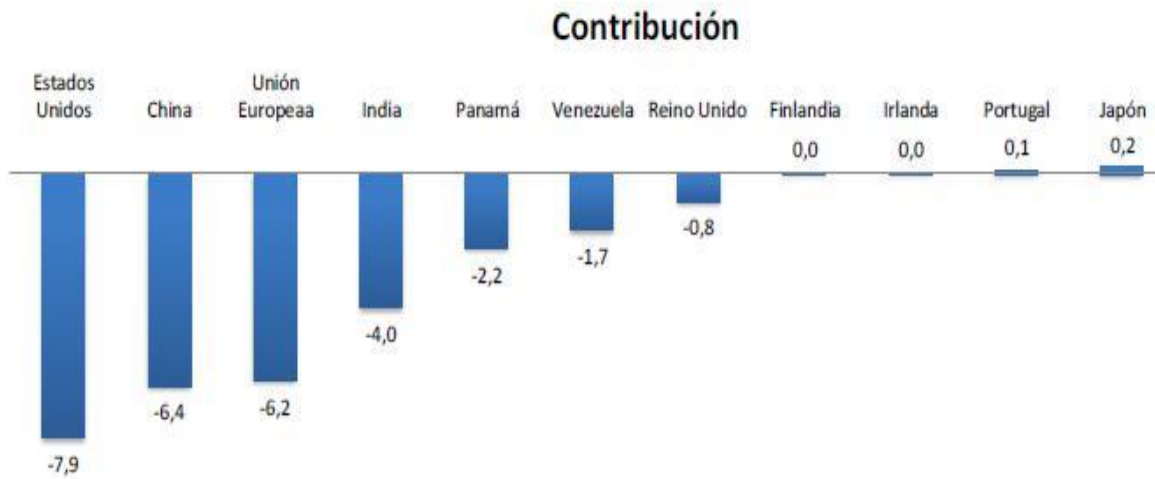
2.2.3 Destination of exports

A very important factor to take into account is the commercial partners that the country has and, in fact, obeying the data that clearly show a decline in exports to December of the year 2105, mentions the countries that were left behind To sell in a smaller proportion, compared to the previous year, due to the difficult panorama of the sector.

It is worth noting the observation made by the DANE (2016) countries that registered a greater variation in December of the year and were responsible for contributing in greater proportion to the negative variation presented (See figure 5.) the list Is headed by the United States, Colombia's main trading partner, contributing the highest percentage to the fall In foreign sales with -7.9%, followed

by China and the European Union with a contribution of -6.4% and -6.2% respectively, these two countries leaving aside the US, two important customers for The Colombian exporting companies. The list is followed by nations such as India, Panama and Venezuela, both being strong commercial allies within the region.

Figure 5. Contribution by countries to declining exports in 2015



Source: Ministry of Industry and Tourism (2016)

As a result and being the largest buyer of Colombian products, exports to the United States represented a fall of -30.6%, compared to the year 2014, making the comparison by destination of sales mainly due to the drop in sales of the Oil, oils, gold and flowers.

On the other hand, exports to China fall -60.7%, making the same comparison explained mainly by a drop in sales of fuels and mining products. Figure 5 shows that the USA contributed most to the decrease in exports, when China had a

larger decline, the answer is the large volume of Colombian products shipped to the United States. Following this comparison, exports to the European Union fall - 36.1%, as a result of falling sales of oil, coffee and flowers, with Spain and the Netherlands being the main partners within this bloc. Were stopped selling in 2015. It is worth noting that the countries that contributed most to this decrease maintain free trade agreements with Colombia.

The outlook for Colombia in this area is not very encouraging, because it has a range of commercial partners not very varied. As previously reported a few countries occupy a significant place in the composition of exports according to their destination, leaving a clear evidence of the long way the country lacks to penetrate more aggressively international markets.

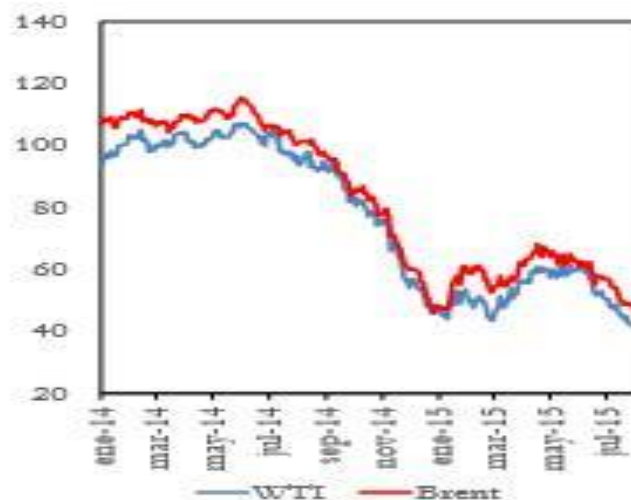
In this way, the analysis of the first scenario is terminated, to start the next one, which has as its central focus the Colombian peso devaluation, which will address some consequences of this phenomenon such as inflation, dollar trends and The impact of this on Colombian exports, information that will serve to construct the final analysis and thus continue to fulfill the objectives set forth above.

2.3 Second Stage: Devaluation of the Colombian Peso against the US Dollar

Second, this section focuses primarily on the behavior of the Colombian peso as local currency against the US dollar as the reference currency and its respective economic repercussions. As well has been addressed throughout this research the time span to study is between the years 2014 and 2016.

As of 2014 Colombia's economy was affected by the results in the international oil price due to the decrease in oil prices. This resulted in a devaluation of the peso, deteriorating national income, fiscal accounts, and lower inflows of foreign capital through direct investment. These include the tax effort and the government deficit which has been increasing, which will consequently bring less economic growth to Colombia (Jorge Toro, 2015).

Figure 6. Volatility Index of International Oil Prices (January 2014 - July 2015 estimated)



Source: Bloomberg (2015)

In order to support the analysis, it is necessary to see how the International Oil Price Volatility Index, shown in Figure 6, shows the behavior of the international oil price WTY and Brent, giving a more accurate data of the decrease Of the price of oil. Between January of 2014 the barrel of WTI was quoted between 95 dollars, in this period of time until July of 2015 was quoted about 40 dollars. On the other hand, the price of the barrel Brent was quoted in January of 2014 between the 110 dollars and in July of the 2015 the reduction of the oil price was between the 45 dollars. This is how we can see the risks involved for Colombia being a country focused mainly on the export of the oil sector, now being affected in its domestic economy.

2.3.1 The devaluation of the peso against the dollar as a result of the increase in inflation in Colombia.

Inflation was undoubtedly one of the most significant consequences of the devaluation of the peso against the dollar, being one of the most important variables for consumers and for the country's domestic economy, such as inflation. We can observe that at the end of the year 2015 inflation in Colombia was 6.77%. This result had consequences for the rise in prices of food and tradable products (Davivienda, 2015).

Another important aspect that should be highlighted according to data revealed by the DANE in 2015 is that national prices increased due to the devaluation of the peso against the dollar, making domestic prices more expensive for domestic production and consumption, affecting goods and services exported and imported, due to higher prices (El Pais, 2016).

Table 2. Annual inflation in Colombia (2014-2015 Estimated)

Year	Percentage of Annual inflation
2014	3,66%
2015	6,77%

Source: Own, Recovered from (Money, 2016)

Table 2 below shows the format corresponding to the annual percentage of inflation in Colombia in the last two years. It begins in 2014 and, as can be seen in 2014, was located with an inflation rate of 3.66%. For the year 2015 the inflation was located with a percentage of the 6.7%, registering an increase of 3,11%.

his situation demonstrates the impact of the devaluation of the peso against the dollar with reference to the low costs of international oil prices. These data are ideas discussed above (see Figure 6) with the volatility index of international oil prices (January 2014 - July 2015 estimated).

2.3.2 The dollar continued to trend up against the peso

The dollar's upward trend against the peso seems unstoppable, national oil investors remain worried about the impact of the price of oil, leading to the loss of more income from lower oil revenues. Another important fact for the analysis is that in the United States, due to an increase in inventories in 2016, the price of Brent crude oil decreased by US \$ 43.7 in the same period, the value of the dollar being traded \$ 3,073.80, exposing the inverse relation that these have and contributing to the upward trend that had been presenting the value of the American currency in previous years. This has meant that the peso devaluation continues to affect the current account deficit because of lower foreign exchange earnings to the country.

On the other hand, a positive aspect that can be highlighted by the Federal Reserve of the United States is that they will not change the interest rate target in federal funds in the course of August 2016. Although also highlights the Reserve If the US labor market continues to decline, the Central Bank will increase the interest rate by the end of 2016. This will strengthen the value of the US currency vis-à-vis the Colombian currency, thanks to a lower circulation of US dollars, So much, its price in international markets tends to rise, reaffirming in 2016 the devaluation of the Colombian peso presented from years ago (Dinero, 2016).

Table 3. Price trend of the dollar against the Colombian peso.

Year	Price Negotiated Dollars
2012	\$1.798,23
2013	\$1.868,90
2014	\$2.000,68
2015	\$2.746,47

Source: Own elaboration, recovered from (Banrep, 2015)

As analyzed in Table 3 with data taken according to the Bank of the Republic, the tendency of the dollar to rise was from the year 2015. For this situation, it is found that the price of the dollar was negotiated at \$ 2,746.47 for the year 2015, With an increase of \$ 948.24 compared to 2012. Table 3 also shows the reference of the Colombian peso against the dollar from 2012 to 2015, leaving a gradual increase in the price of the currency American.

2.3.3 Impact of the peso devaluation affects Colombia's exports

Based on these data, it can be seen that the main factors of the 20% decline in exports in the course of May 2016 are mainly due to the international oil price, causing the devaluation of the peso as a result. This situation is the main vulnerability of the local economy, mainly due to the deficit in the current account due to less income of foreign currency to the country.

In this case, it is necessary to point out that Colombia's exports fall by 20% in May 2016, with a total sale of US \$ 2,683.5 million according to the publishing house El Tiempo. These figures are due to low oil prices and the slowdown in demand from Colombia's main trading partners. Although it is true that by the year 2015 in the month of May sales had reached 3,355.7 million dollars (El Tiempo publishing house, 2016).

Finally, mention should be made of the observation made by the Bancolombia Group (2016) where it indicates that the Colombian peso from 2014 is in a process of adaptation to a new scenario leaving as a consequence a weakened currency developing in a highly volatile market, Largely due to a mismatch in the global market due to the sharp decline in oil prices.

3. Findings

According to the information gathered and the data presented in the previous chapter, it is important to note that the objectives set out at the beginning of this work are fulfilled, taking into account that this research is carried out taking as reference of analysis two scenarios as they are; The first focuses mainly on the performance of the Colombian export sector while the second focuses on the behavior of the Colombian peso against the US dollar and its effects. The final analysis is then made and the main findings are presented.

First, we talk about the scenario where we observe the behavior of Colombian exports within the time period analyzed in this case in the years 2014 and 2016 where illustrative figures were used comparative data and some figures to conclude that this sector suffers a A notable decrease compared to previous years, mainly due to the fall in the price of oil, significantly reducing the income generated for the national economy, following the line that this represents almost half of the Colombian foreign sales.

While for the other groups, the performance is irregular, since by 2015 these represented a larger percentage within the consolidated annual exports, due in large part to the decrease of both production and income by oil and also in a Smaller proportion have been opening up some groups of agricultural products, Different to coffee which has been one of the flagship products that Colombia offers abroad.

What is worrisome is that manufactured goods also fall, thus leaving an economy dependent on its purely traditional products such as oil, coal, coffee, ferronickel, flowers and bananas.

Consequently, Colombia is not really a country that offers many products abroad than raw materials, adding that other products other than these have not represented any kind of relevance, since in the end they do not have the capacity to influence. Within the Colombian export sector, thanks to the disproportion that exists within the composition of the national exports, which have not had an encouraging performance as already mentioned, therefore, Colombian exports continue with a downward trend even though a phenomenon such as the increase in the price of the US dollar.

Observing how the export sector has behaved between 2014 and 2016, it is concluded that the efforts to diversify have not been enough to make a good use of the dollar, although the fall in oil exports was an alert to change the composition of the sector and not depend on traditional products, the other product groups have not generated significant increases in sales abroad that positively influence to improve the dynamics of the sector.

Similarly, the country still has a number of US-led trading partners, which account for a large part of Colombian exports, and the destinations for foreign sales have not changed significantly within the time period analyzed. Which highlights the limitations that this sector has to take advantage of the devaluation of the Colombian currency against the dollar.

It is necessary to emphasize that the second scenario is based on research, which reveals the main causes and effects of the rise in the price of the dollar, which is carried out through three categories exposed. In the first category, the devaluation of the Colombian peso against the US dollar is more important, since this factor leads to the finding of variables such as inflation, the result of the devaluation, which is also highlighted in the second category. Low internationally traded price of oil, the dollar continues to trend upward, resulting from the current account deficit due to lower foreign exchange earnings to the country. As for the third category, there is a crucial aspect in the study and the impact on Colombian exports, due to the lower income of foreign currency to the country, largely thanks to the low cost of oil, the main Colombian exportable product, this automatically leads to the fall in profits from sales abroad, the result of lower revenues generated.

In summary, it can be found that due to the lower internationally traded price of oil, this affected the petroleum export sector to a large extent, with Colombia being the most important export variable, due to the fact that its greater foreign exchange income is owed Mainly to the export of oil. Finding this variable, we can conclude that the impact that would bring in the Colombian economy would be some negative variables, such as inflation and the drop in the export sector, mainly due to the lower income of devises; Affecting the current account of Colombia, to this it is due to the tendency of the dollar to the rise and the low reports of exports of the country.

Finally, taking into account both scenarios, the question raised at the beginning of the present study is answered. In fact, the upward trend in the representative market rate (RMR) has side effects on the Colombian export sector,

reevaluation of the US dollar, generates more revenue from foreign sales because this is the currency for the transnational negotiations, it is for this reason that when making the change to the Colombian local currency the exporter receives more Colombian pesos for each Dollar that his client consigned him abroad, which in theory is encouraging for any businessman in this sector; However, speaking of Colombian exports in general, this is not enough to boost exports to a more stable scenario thanks to the high dependence on a single product, which in this case is the main cause of this phenomenon, of course it is Talking about oil.

In this way, as the oil and the dollar price are directly proportional, that is to say, an increase in the price of the hydrocarbon is due to the decrease in the price of the American currency, therefore and on the basis, that this product is the insignia of The Colombian exports, until foreign sales depend on crude, the outlook for this sector will not be different with respect to a better use of the rise of the American currency.

Following this assertion, the Colombian exporting companies, except those dedicated to the extraction and sale of oil, are in particular those who benefit most from the upward trend in the US dollar. On the other hand, with the intention of making an observation, Value of inflation within the sector, a variable influenced by the same behavior of the currency, thanks to the fact that as the dollar increases, more pesos are accrued by the latter, which results in a generalized increase in prices in the domestic market Colombian, this being an element that subtracts benefits to this phenomenon within the performance of the national exports, but likewise does not become a factor with greater relevance.

In this sense when referring to the term revaluation of the American dollar is not synonymous with increased exports, it is important to clarify that it is totally different to speak of the benefits that this phenomenon gives to this sector by its characteristics and another totally different is to say that this phenomenon is a determining factor that influences the performance of these, being this last statement erratic in the Colombian case, in this respect for this sector to be strengthened must have many more variables in mind that revolve around this sector.

4. Conclusions and recommendations

4.1 Conclusions

The analysis of the results of the effects of the current TRM in the Colombian export sector showed the following results:

- The performance of Colombian exports in the periods between 2014 and 2016 showed a notable decrease in both revenue and volume, driven by falling prices and domestic oil production.
- Oil being the flagship product of Colombian exports, being the product that generates about half of the revenues from foreign sales, has a great impact on this sector, therefore, any phenomenon that affects it impacts Directly in their behavior.
- The Colombian export sector is heavily dependent on traditional products, so it is quite fragile in the face of changes and phenomena that may affect it
- The upward trend in the price of the dollar forces the Colombian to pay more pesos for one dollar, indirectly causing a generalized increase in prices, giving way to the phenomenon of inflation.

- The Colombian peso is in a process of adaptation, being at the moment a weakened currency developing in a highly volatile market, mainly due to the sharp decline in oil prices.
- The revaluation of the dollar benefits the export sector by generating more revenues from foreign sales, but it is not a factor that strongly encourages or incentives the performance of exports.

4.2 Recommendations

Within this project, it is hoped that beyond a better performance of the export sector, it will be able to deal with the various phenomena that may affect it, in this case the continuous increase of the dollar against the peso, therefore, it is recommended that the export sector adapts to this new scenario, diversifying its portfolio and taking advantage of free trade agreements.

Another recommendation is to use different sectors to oil, opting to use different sectors of the economy, and would be even more advisable to export value-added products to be more competitive in international markets, as currently rising dollar benefits sales the exports.

Other recommendations addressed to the State, through municipalities, governorships, universities, academic programs and future researchers, are aimed at informing the importance of encouraging exports with added value and non-dependence on primary goods such as oil, bananas, coffee , etc.; Since, as can be seen in the investigation, the effects of relying on oil exports have negative consequences for the economy; Such as the devaluation of the peso against the dollar due to the low prices internationally traded, for this reason it is recommended to have a larger portfolio of export products and not to depend on the oil sector, since there is more supply and demand in the world, Which makes its price very uncertain affecting the economy at any time to depend on this sector, as is happening now in Colombia.

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