

# 13<sup>th</sup> WORLD CONGRESS OF THE RSAI

## Smart Regions - Opportunities for Sustainable Development in the Digital Era

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### *Special Session (SS56) on: The Colombian Economy and its Regional Structural Challenges*

#### **Organizers:**

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#### **Background**

Colombia possesses an economy of enormous potential that has, after decades of political violence, rapidly risen in regional and global importance. One of the economic sectors showing that positive trend in Colombia is tourism. According to the World Tourism Organization (UNWTO), international tourist arrivals increased from 2.0 million in 2011 to 3.9 million in 2018. In 2018, the tourist exports were USD 6.6 billion, around 13% of Colombian total exports.

One of the outstanding characteristics of Colombia is the presence of several regions clearly differentiated from each other in cultural, geographical, economic, and historical aspects. The heterogeneous geography of the country, one of the most fragmented in the world, has played a definitive role in this. For all these reasons, it is striking that studies on the role and development of integrated regional economic structures are at an incipient stage in the country. Perhaps this situation is partly explained by the growing centralism in the economic activity of the country since the 1950s when Bogotá evolved to become the epicenter of the economy, society and the national political life (Gouëset, 1998).

Yet, despite periods of regional convergence in the first half of the last century, when the country developed its road network (Bonet and Meisel, 1999), in later decades episodes of political unrest and retrenchment always seem to intervene generating economic and political centralization and frustrating the full realization of a continuing process of polarization reversal (Hahn and Meisel, 2018). This long-established pattern that reinforced Bogotá's primacy in the country can be illustrated by the fact that the capital city's share in GDP is now greater than 25%. Bogotá's primacy has provided one of the more stable patterns in Colombia's recent history; in contrast, redressing regional disparities has proven to be a slow process in the country, given structural inertia.

This special session considers some of the regional structural challenges that will need to be overcome if Colombia is to break free from the past and finally embark on a path of sustained social cohesion, and regionally inclusive growth. The challenges to be examined broadly fall into three areas: (i) those centering on competitiveness and the supply side, (ii) those arising from critical business cycle demand side issues, and (iii) those connected with environmental sustainability, employment and social inclusion. This session examines each of these domains, approaching selected topics through quantitative simulations based on a unified general equilibrium framework. It highlights vital topics such as Colombia's competitive insertion in global markets, competitiveness and human capital profiles, and public and private mechanisms of interregional transfers of income. Challenges around such high-profile long-term issues such as productivity gains and climate change are also analyzed.

## **Selected Papers**

### ***Regional Economic Disparities in Colombia***

Andrea Otero, Jaime Bonet, Luis A. Galvis and Gerson Javier Pérez

### ***Revisiting Structural Interdependence: A Comparative Analysis for Brazil, Colombia and Mexico***

Fernando S. Perobelli and Geoffrey J. D. Hewings

### ***Urban Travelers Go to the Beach: Regional Effects of Domestic Tourism in Colombia***

Eduardo Sanguinet, Luís Galvis, Inácio F. Araújo and Eduardo A. Haddad

### ***Boiling Hot! Economy-wide Impacts of Climate Change on Colombian Coffee Yields***

Pedro Sayon, Andrea Otero, Federico Ceballos and Eduardo A. Haddad

### ***Regional Differences in the Economic Impact of Lockdown Measures to Prevent the Spread of COVID-19***

Jaime Bonet-Morón, Diana Ricciulli-Marín, Gerson Javier Pérez-Valbuena, Eduardo A. Haddad, Inácio F. Araújo and Fernando S. Perobelli

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