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**EVALUATION OF
THE ECONOMIC
IMPLICATIONS OF THE
BEHAVIOR OF THE
DOLLAR IN FLOWER
GROWING AREAS**

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Abstract: Starting from the theoretical bases and taking into consideration previous research, the behavior of the dollar and its impact on the economy of the municipality of Madrid - Cundinamarca - Colombia will be analyzed. This town is recognized for its large export of flowers worldwide and is also home to other industries that focus on the storage and transportation of goods, as well as industrial operations in both the national and international markets. This situation has made the dollar a fundamental element in the exchange of foreign currency in the country, especially in imports and exports, and has promoted its use in international payments due to its ability to generate higher returns for companies. To carry out this research, information was collected through various sources, including data research, surveys, analysis of documents and specialized literature, and review of virtual journals related to different economic sectors. The study focuses on highlighting the local economic sectors, with special emphasis on the flower industry, which has a significant social, environmental, and economic impact in this municipality. In addition, general aspects related to the influence of the dollar in these sectors are addressed. A solid foundation of theory and previous research work is used to analyze the role of the dollar in the local economy. The importance of the flower industry is highlighted and the impact of the dollar on currency exchange and local and international economic operations is underlined. The research is based on an extensive collection of data and bibliographic sources, which gives credibility and depth to the analysis of local economic sectors and their relationship with the dollar.

Keywords: International trade – exports – currency exchange – economic growth – flower sector

INTRODUCTION

Currently, the behavior of the US dollar plays a central role in economic spheres and in the structures of international markets (Valdés, 2023), affecting the balance of economic systems, facilitating global transactions and being crucial in production and marketing of goods. In addition, Colombian flowers exercise leadership in international trade, being protagonists in cities such as Seoul and Tokyo through a positioning strategy that ensures their international presence and visibility (PORTAFOLIO, 2021). In this context, the economic implications of the dollar are analyzed in Madrid, Cundinamarca, a strategic municipality with high demand in the commercialization of flowers and acquisition of inputs for the agroindustrial and manufacturing sector, which has an efficient logistics network thanks to its proximity to Bogotá D.C., strengthening its position in global trade (Pérez, 2022).

This crucial dynamic contributes significantly to employment and regional sustainability by establishing a competitive value chain thanks to growing demand and the opening of international markets, boosting exports and imports (Fonseca, 2022). In this way, according to Castro Peñuela et al, (2023) the behavior of the US dollar plays an essential role in the local economy, constantly influencing competitiveness in international markets and being the main buyer in the Colombian economy, especially from the firm of the Free Trade Agreement (FTA) in June 2007.

Since then, economic growth has experienced a constant increase over time, highlighting Madrid, Cundinamarca, as one of the main exporting municipalities in Colombia (Sánchez, et al, 2022), with a primary focus on floriculture directed mainly to US and other international markets. This strategic orientation has contributed

significantly to determining the factors and availability in the production and marketing of flowers and inputs, generating a notable increase in the last 13 years in international settings and positioning Colombia as a world leader in flower exports. This project aims to analyze, through documentary analysis and theoretical arguments, the influence of the dollar in the local market and its impact on the relationship between prices, production, inputs and the labor market (Goodman, 2019). An instrument is also applied to economic experts to explore their perspective on the foreign currency market and its influence on the economy of Madrid, shedding light on the complex interactions between the behavior of the dollar and the local economy in said region (Briceño Villegas, et al. 2022).

DEVELOPMENT

In the department of Cundinamarca, Colombia, is the municipality of Madrid, whose economy focuses on agriculture and livestock, highlighting the production of milk, flowers and agricultural products (Mejía Delgadillo et al., 2019). It is a key driver in the Sabana region, promoting the agricultural, livestock, flower growing and industrial and commercial development export sectors. This research sheds light on how dollar fluctuations affect the local economy, highlighting its influence on various productive sectors and its role in job creation and industrial development.

Floriculture in recent years has emerged as an essential pillar of the local and national economy, with a focus on sustainable exports that has driven constant job creation. The US dollar plays a crucial role in this dynamic, supporting the growth of companies, agricultural farms and industrial units in production and construction. This research focuses on analyzing the impact of the dollar on the working conditions of these sectors,

providing a deeper understanding through data analysis and surveys, with the aim of offering a detailed view of the local economy and its relationship with the currency. . US.

Santiago (2012) carried out a specific investigation focused on the flower sector of Madrid, Cundinamarca, with the purpose of diagnosing the competitiveness of this industry in the municipality. This study addressed each aspect that makes up competitiveness according to Michael Porter, evaluating the geographical location, infrastructure conditions and demographic aspects such as the age and educational level of the local population. Demand conditions were also analyzed, highlighting that local consumers are not usually willing to pay international prices nor are they educated to demand high quality standards. In addition, related and auxiliary sectors were examined, emphasizing the complex relationships, especially with the agrochemical industry and the challenges associated with controlling input prices. Finally, it was mentioned that competing companies in this sector tend to adopt a structure that promotes the creation of micro, small and medium-sized businesses (MSMEs) of a family nature, which are reactions to sharing the knowledge accumulated over time.

In the Colombian context, the behavior of the dollar is related to various factors, the price of oil being one of the main ones. During the COVID-19 pandemic, the dollar experienced a gradual weakening compared to other currencies due to expectations about the US economy. The Colombian macroeconomy is affected by the behavior of the opening channels to other world economies, and exchange rate fluctuations are related to the differences between internal and external price levels (Cardozo Ortiz, 2019), according to the Theory of Purchasing Power Parity.

Today, the behavior of the US dollar is of

vital importance in global transactions. This research focuses on analyzing its influence on the regional economy, highlighting its role in job creation and industrial development. The dollar drives economic growth globally and attracts foreign investors, affecting companies of all sizes. Its high value against the Colombian peso in imports of various products, including basic foods, leads to price increases in the productive sector. In addition, it is pertinent to mention that currently interest in investing in the stock market has been increasing both nationally and internationally due to preconceptions of easy obtaining profits. (Perrilla and Villalva, 2023).

On the other hand, the region benefits from the increase in exports and investments that make the US dollar a pillar of the Colombian economy. The United States is its main buyer, and this currency supports the development of the industrial and flower growing sectors of the municipality of Madrid, with successful exports that have a global impact.

In recent years, floriculture has become an essential pillar of the economy both locally and nationally. Its focus on sustainable exports has consistently generated employment in the municipality. This research focuses on the impact of the US dollar on working conditions, driving job creation and the growth of companies, agricultural farms and industrial units in production and construction. The main objective is to highlight the contribution of these sectors through data analysis and surveys, providing a deeper understanding of the behavior of the dollar and the experiences of these sectors through qualitative methods, to obtain a detailed view of the local economy.

Floriculture in recent years has experienced a boom in the municipality of Madrid, becoming an important source of employment and economic development in the region. The US dollar plays a critical role in this industry,

affecting production costs, exports, and competitiveness in international markets.

According to Jiménez and Aguilera (2021) in a recent publication, they propose that the exchange rate is adjusted not only to balance the differences in prices between the United States and Colombia, but also to balance a third variable, in this case the price of WTI oil.

In recent years, floriculture has emerged as an essential pillar of the local and national economy, with a focus on sustainable exports that has driven constant job creation in Madrid. The US dollar plays a crucial role in this dynamic, supporting the growth of companies, agricultural farms and industrial units in production and construction. This research focuses on analyzing the impact of the dollar on the working conditions of these sectors, providing a deeper understanding through data analysis and surveys, with the aim of offering a detailed view of the local economy and its relationship with the currency. US.

In summary, in recent years, floriculture has experienced a notable rise in the municipality of Madrid, becoming a source of employment and economic development of crucial importance in the region. The US dollar plays a fundamental role in this industry, given its impact on production costs, exports and competitiveness in international markets. At the national level, the behavior of the dollar has profound implications for the Colombian economy, influenced by factors such as the price of oil and expectations about the US economy. Its role in global transactions and its influence on job creation and industrial development are essential aspects to consider in the evaluation of the local economy and its relationship with the US currency.

METHODOLOGY

In this research, information of a qualitative

descriptive and quantitative explanatory nature has been collected (Lahitte, et al, 2013). This analysis is supported by documents and statistics provided by various sources, including the Chamber of Commerce and the mayor's office of Madrid, Cundinamarca, among other relevant institutions. Subsequently, an initial evaluation of the information contained in the collected documents is carried out, with the objective of understanding how exporting and importing companies contribute to the local economy and participate in transactions that involve the US currency.

This document focuses on highlighting how two specific sectors exert a significant influence on the local economy and are fundamental for economic, social and environmental growth and development (Duque, 2021). Within these sectors, there is constant competition and the implementation of strategies that are reflected in their operations at the local, national and international level.

RESULTS

With the purpose of evaluating the impact of the dollar on the local economy of Madrid, Cundinamarca, questionnaires were administered to six economists from the University of Pamplona and the National Open and Distance University. This evaluation, supported by a review of the literature and community perception, yielded the following results:

Continued growth of floriculture: Research has highlighted that floriculture has become an essential pillar of the local and national economy. This suggests that, in the future, we can expect continued growth of this industry in the Madrid, Cundinamarca region. The focus on sustainable exporting will continue to drive job creation and economic development.

Sustained influence of the dollar: The US dollar plays a crucial role in the

dynamics of floriculture. We hope that its influence on production costs, exports, and competitiveness in international markets will continue to be relevant in the coming years (Drenik and Pérez, 2021).

Job creation and industrial development: The impact of the dollar on job creation and the growth of companies, agricultural farms and industrial units related to production and construction is evident. We project that this positive effect on working conditions will continue, contributing to the development of the region.

Greater competitiveness in international markets: The influence of the dollar on the competitiveness of Colombian flowers in international markets will continue to be a key factor for the success of exports. This could lead to an increase in overseas sales and further development of the industry.

Vulnerability to dollar fluctuations: Since the local economy has been identified as vulnerable to dollar fluctuations, businesses and producers are likely to seek strategies to mitigate the risks associated with the exchange rate. A long-standing enigma is the almost random behavior of exchange rates. Recent literature has proposed models to forecast exchange rates in the medium and long term. (Engel and Yeung, 2023)

Investments in infrastructure and industrial development: Since the dollar attracts foreign investors and supports the development of industrial and flower growing sectors, we can project an increase in investments in infrastructure and industrial development in the Madrid region.

Impact on the Colombian economy: At the national level, the behavior of the dollar will continue to have profound implications on the Colombian economy as a whole. Factors such as the price of oil and expectations about the US economy will begin to influence the exchange rate and, therefore, the country's

economy.

DISCUSSION AND CONCLUSIONS

The research results corroborate the statements of the economic and theoretical literature in several aspects. First of all, it highlights the importance of the dollar in the local economy of Madrid, Cundinamarca, and how fluctuations in its value can have a significant impact on the region. Furthermore, it is evident that the dollar influences various productive sectors, including agriculture and industry, such as floriculture, which coincides with previous findings on its influence in different economic areas.

Secondly, it is shown that the dollar plays a key role in generating employment and industrial development in the municipality, aligning with the literature that emphasizes its contribution to economic growth and attracting foreign investment. Factors such as the price of oil and the economic situation of the United States are also identified as determinants of the behavior of the dollar, which is consistent with previous research on the factors that influence its value.

Furthermore, the need to strengthen the competitiveness of exports is highlighted, in line with the literature that advocates improving the export capacity of a country. Likewise, the importance of developing strategies to mitigate the devaluation of the local currency is raised, a relevant aspect supported by the literature. It is necessary to carry out a situation analysis of the agricultural sector to appreciate its dynamics and guide research activities with a view to making it more competitive (Martínez Reina, et al. 2022).

There is a need to provide modern technical knowledge on post-harvest management and technical and practical training to flower farmers (Ritu and Bhatia, 2022). Marketing

information and education will improve the ability of current and potential cut flower growers to properly evaluate the profit potential of their decisions and assist with the long-term sustainability of their farming operations (Curtis and Stock, 2023).

In the conclusions section, the marked influence of the dollar on the local economy is emphasized, especially in the flower sector of Colombia, highlighting its economic relevance and its impact on job creation, social security and business competitiveness. In addition, it is mentioned how the geographical location of Madrid, Cundinamarca, contributes to regional growth and development, facilitating

the creation of industrial parks and projects that improve local infrastructure.

However, important challenges are identified, such as labor shortages in the flower sector due to long working hours and its seasonal nature. The deficiency in road infrastructure is also noted as a problem affecting the region. In addition, the increase in immigration and the lack of qualified labor are mentioned as additional challenges to face. Taken together, the research supports the relevance of the dollar in the local and regional economy, as well as the benefits and challenges that this entails.

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