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Colombian president desists from taxing extractive industries

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Petro, Colombia's first leftist leader, is working to pass fiscal reform in the country's congress to raise an additional US\$ 4.91 billion, per year

The government of president Gustavo Petro is back stepping from one of his electoral campaign pledges, taxing extractive industries to have Colombia rapidly transit a green, environment friendly economy.

Colombia's majority owned oil company [Ecopetro](#) CEO Felipe Bayon anticipated that the removal of the planned tax on oil and coal exports from the government's proposed fiscal reform is a great advance.

"We received this news in the best way in [Ecopetro](#)," Felipe Bayon told reporters in Cartagena. "I welcome that it isn't an export tax per barrel, but a surcharge system to be considered with the industry."

The government of President Petro, Colombia's first leftist leader, is working to pass fiscal reform in the country's congress to raise an additional 22 trillion pesos (some US\$ 4.91 billion) per year to finance ambitious social programs aimed at combating poverty and inequality.

A week ago, the proposed reform sought to impose an additional 5% income tax on mining and oil companies and a 20% tax on exports, upsetting companies and business groups in the extractive industries. The proposed export taxes included an additional levy on coal once prices hit US\$ 86 per ton and US\$ 71 per barrel for oil.

This however has been replaced by a proposed surcharge on the extractive sector, which would drop from

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10% in 2023 to 5% in 2025, and the suggested export taxes were eliminated, according to the government's latest presentation of the reform.

[Ecopetrol](#) is currently assessing how the changes to the proposed fiscal reform will affect the company, Bayon added.

The company initially forecast the reform would cost it 4 trillion to 5 trillion pesos (anywhere between US\$ 892 million and US\$ 1.12 billion). The updated reform also proposes a 3% surcharge for hydroelectric companies for 2023 to 2026, according to the government presentation.

Although Colombia has a vast fertile territory, its main exports are oil and coal, (US media and government point to the benefits from the drug cartels), and during the election campaign president Petro pledged to tax heavily extractive industries, to help finance a delayed social agenda and protect the environment. An electoral combination which helped him, despite innumerable threats to Palacio Nariño.

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