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## Colombia's Agenda for 'Democratic Prosperity'

Address by **Ms Monica Lanzetta Mutis**

Colombian Deputy Foreign Minister,  
at the Observer Research Foundation, New Delhi, on November 3, 2011

**D**istinguished Members of the Observer Research Foundation, I am grateful for the interest you have shown in gaining first hand information about how the foreign policy of the Colombian Government is contributing towards achieving its main goal: Democratic Prosperity.

In the execution of its National Development Plan, Colombia has set for itself three objectives: create more jobs, reduce poverty and to further strengthen the security of the nation. Our government's overall policy is based on the tenets of social inclusion, modern institutions, justice and progress.

Under the social agenda come the tasks of creating more and more jobs and overcoming poverty. The positive performance of several economic sectors allows the country to forecast

for this year a GDP growth of 4.6%. Five dynamic sectors that have been identified as “locomotives of growth” are: mining, agriculture, infrastructure, housing and innovation.

In the area of mining, Colombia is an important producer of hydrocarbons, with this year's production being 930 thousand barrels per day—20% more than last year. Likewise, Colombia is the biggest coal producer in Latin America and the fifth in the world with a 75 million-ton output per year. We are conscious of the need to base mining activities on standards that are socially acceptable and environmentally sustainable. To that end, a thorough examination of the sector's institutional structure as also reforms have been carried out under the aegis of the new National Mining Agency, the Colombian

Institute of Geology (Ingeominas) and the newly created Ministry of Environment.

The Agricultural production grew 7.8% in the first quarter of this year, despite the massive floods the country has suffered since December 2010 that gravely impacted the lives of three million people. As a relief measure, the Government has disbursed more than Euro 1,500 million credits to the agricultural sector.

The livelihood of millions of families comes from the agricultural sector. It represents 13% of the GDP—22% if agro-industry is also taken into account.<sup>1</sup> The current world situation of restricted food supply makes it all the more important to develop the agricultural potential of this country so as to ensure the welfare of the people, as also for creating greater job opportunities.

An Infrastructure Plan for Prosperity has been designed, with a Euro 40,000 million investment over the next ten years. Of this amount, more than 12,000 million will be invested during the four-year term of this Government. To recover from the infrastructural damages caused by the winter catastrophe, the State has earmarked a sum of Euro 390 million. Given the importance of infrastructural development in making the country more competitive, Colombia has on offer several very attractive opportunities for foreign investment in the field.

The construction sector has helped in the development of other sectors, contributing to

job creation. Housing development has specially benefitted the poorer segments of the population. This year the goal is to build 2,700,000 new houses for the poorest of the poor. It is presaged that, with the enactment of the Land and Housing Law, 4,000 additional hectares of land will be ready this year for building at least 600,000 houses for the needy, which would give a big push towards the housing target the government has fixed for the year 2014.

The fifth sector is innovation, which will play a key role in reinforcing the country's competitiveness. The recently formulated regulations vis-à-vis the royalties from the country's income from the subsoil exploitation mandates that 10% of the royalties be allocated to science and technology projects. It is expected that more funds would flow into research and development efforts being made in all the country's regions to achieve a technological transformation, which includes a plan for a substantial increase of the broadband internet connectivity. The peripheral municipalities and estates, which received little or no money from such royalties, will now be the beneficiaries. These measures will lead to a positive and fair redistribution of resources among all sections of the society.

The Law of Fiscal Sustainability, recently passed by Congress will help infuse wisdom and pragmatism in the management of public finances. The goal is to promote fiscal discipline and improve the process of public finance management in the medium term, so as to

generate financial surplus, reduce public debt and create a savings fund.

These and other improvements are helping the country to overcome the unemployment problem. Between August 2010 and May 2011, 850,000 new jobs were created. The Law of First Employment has helped to create new jobs, with a focus on the young population, which has entered the labour market for the first time. The law provides favorable fiscal conditions for companies that create new jobs, besides contributing towards the formal recognition being given to independent workers. Legal guarantees have been given to temporary and informal workers to give them access to the health and pension system, which were previously reserved only to the workers in the formal sector.

Since its inception, Colombia has had a tradition of respect for foreign capital and legal stability. The prudent economic management and the resultant development have given a boost to the flow of foreign investment in recent years.

Colombia's standing in the foreign markets is reflected in the high degree of investment trust given by the main risk assessment companies, i.e., Moody's, Fitch and Standard & Poor's. Colombia is the second biggest beneficiary of foreign direct investment (FDI) in South America, next only to Brazil. In the first quarter of 2011 Colombia received close to \$ 3,700 million FDI, an unprecedented figure for a single quarter.

The burgeoning of Colombia's economy is seen in many other fields. The tourism sector, for example, has been growing in recent years at a rate four times higher than the world average. In the first half of this year the number of foreign visitors to Colombia increased by 14% as compared to the same period last year. Our goal for the year 2013 is four million tourists. Tax exemptions are given to investments in this sector, which in some cases is as long as 30 years.

Colombia has strengthened its institutions, specially in the security sector. The progress achieved in this field allows us to look forward more optimistically to a future of peace and reconciliation.

To this end, the Victims and Land Restitution Law, sanctioned by President Santos in the presence of Secretary-General of the United Nations, Ban Ki-Moon, has laid the legal base on which the real facts about the crimes committed against the victims is made known to the victims so that, through this new mechanism they can their rights redressed and get reparations for their losses.

The necessary legal reforms have been made so that every Colombian has access to justice and reparation if her or his rights have been violated as a consequence of internal conflicts. These steps bring us closer to a future of reconciliation, truth, justice and peace. It is estimated that four million Colombians will gain the right to pecuniary reparation and land restitution from the State, regardless of

whether the criminals are arrested and convicted or not, so that they won't have to wait until the end of long judicial proceedings. Altogether, it is estimated that six million hectares of land will be restituted to the victims.

We are fully aware that we are faced with the big challenge of substantially reducing poverty and inequality. In the pursuance on this task, we must continue to achieve greater economic advancements and focus on guaranteeing security for all the people. All this must translate into a better quality of life for the poorest and the most vulnerable segment of the society.

All this depends to a great extent on creating greater access to quality education at all levels. The Government's target for coverage of higher education is an increase from the present 37% to 50% in a four-year period.

While our achievements in the first year of governance in this area has been satisfactory, to ensure that what ever has been done and will be done is given a base of sustainability, the government has submitted to Congress a Higher Education Reform formula, which aims to increase the quality of higher education-both public and private-and endow it with fresh resources. For this purpose, it is important to put into practice the principles of good governance—transparency, efficacy, efficiency and accountability. This is possible only if a process of firm and efficient justice is enforced.

The formulation of Justice Reform policies that are being discussed in Congress will help provide a better structure to judicial institutions, decimate the commission of crime with impunity and bring about greater transparency and improved service to the citizens. The newly created Ministry of Justice will help provide the judicial institutions with effective tools to face the legal and institutional challenges that the country faces.

At the domestic level, the economic, judicial and social progress are linked to a diversified international agenda. This Government has focused in consolidating the best possible relations with the countries in our region and around the world. Our bilateral relations with the countries of the Americas today are frank, amicable and dynamic. Furthermore, we have been taking a very proactive role in integration groups and forums for political dialogue and regional consultation. We have a happy relationship with all the countries of the region; we have better trade ties and closer security cooperation with several countries in the Caribbean, Central and South America.

In addition, we are consolidating what has been called the Pacific Partnership with Mexico, Peru and Chile so as to venture with greater strength into the Asian markets.

As I said before, we are participating actively in regional integration process such as the Union of South American Nations (UNASUR). In that respect, we are sharing with Venezuela its General Secretariat. In July this year we

received the Pro-Tempore Presidency of the Andean Community (CAN); we aspire to use our presidency term to spearhead a process of reform to make CAN more efficient and competitive.

In 2012 our country will host, in Cartagena de Indias, the VI Summit of the Americas, the only hemispherical forum which brings together the Chiefs of State and Government of the continent. In preparation, we have been discussing relevant issues such as combating inequality and poverty, responding to natural disasters, increasing security, increasing access to technologies and accelerating the physical integration of the continent.

We are also satisfied we have contributed to the search for dialogue and negotiation in our region. With Venezuela, we worked successfully for the internal political conciliation in the Honduras and its return to the OAS. Colombia is now a member of the Security Council of the United Nations and is working in a constructive way to join organizations known for their best international practices, such as the Organization for Economic Cooperation and Development (OECD).

Our foreign policy is oriented to the development of free trade. Recently the free trade agreements (FTA) with the US, Canada and Switzerland have come into force and we are moving forward to approve the FTA already negotiated with the European Union. We are aware that treaties are not enough and do not

by themselves guarantee growth and export diversification. The public and private sectors need to work together to formulate a modern industrial policy to stimulate the competitive spirit of the nation's companies. The coming into force of these trade agreements will also encourage us to carry out investments in logistics, communications and transport infrastructures, which will make trade easier.

In this context, the strengthening of our relations with Asia has a very important place. We are determined to deepen our ties with key actors such as India. Our interest today is to broaden the agenda of dialogue to include topics like cooperation in education, innovation, science and technology, trade, medicine, environmental issues and renewable energies.

Global Commerce between India and Colombia increased from US\$400 million in 2006 to US\$1,050 million in 2010. During the first semester of this year, we exported to India US\$278 million worth of goods, mainly oil, carbon and ferronickel and we imported from your country US\$519 million's worth in cars, chemicals, textiles, and machinery. We have the challenge to diversify our supply with higher value added exports and to increase our bilateral commercial flows.

Indian foreign investment in our country has been growing, and we know there are interesting opportunities in sectors such as energy, infrastructure and services in which leading Indian companies have developed high

levels of competitiveness. They have started 25 business operations and developed Greenfield investments, mainly in mining.

To deepen our economic and commercial relations, we have negotiated two important instruments. In November of 2009, we signed a bilateral investment treaty which was approved by the Colombian National Congress in 2011. Now it is under consideration of the Constitutional Court. We expect this process to be concluded in about four months.

In addition to that, we concluded the negotiations to avoid double taxation in 2010 and it was subscribed to in 2011. Now it has to go to Congress for its consideration.

Colombia could be interested in establishing a joined study group to analyze the feasibility of negotiating an FTA with India when President Juan Manuel Santos visits your country in 2012.

I would like to conclude by emphasising that Colombia is interested in raising its relationship with India to a higher level. Our two nations share values and visions about the main topics on the international agenda. We are here to explore areas of mutual benefit. Colombia seeks to give as much as to receive, thus guaranteeing the necessary openness and stability of relationship that will be of help for the sustainable growth of both our nations.

Thank you!

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### Endnote:

1. Arias Vargas, F.J., "Perspectivas del agro colombiano frente a la actual crisis financiera", in Observatorio de la Economía Latinoamericana, No112,2009



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