

**ADDRESS BEFORE THE CONFEDERATION OF INDIAN
INDUSTRY – CII –New Delhi, March 6th, 2001**

India, though very young as an autonomous republic, is the world's oldest civilization. India has different religions and sects, 17 official languages and 22,000 dialects, and over one billion inhabitants of different ethnic and cultural origin. India is the country that has taught the whole world that it is possible to live the utopia of unity amidst diversity.

In its 53 years of independent life, India has undergone major political, social, and economic changes that have turned it into the tenth economic power of the world, both industrial as well as agriculture and services, besides being one of the biggest technological research and development centers.

You have a country we admire greatly, not just because of its size, its historic and natural wealth, its diversity, the warmth of your people, but also because of your achievements: because your leaders and people decided to take India by the hand and guide it successfully into the future, giving priority to information, education, and motivation.

Most of these achievements have been possible thanks to the Confederation of Indian Industry, that, ever since its establishment over one hundred years ago, has done everything necessary to keep this country's industry at the forefront of world development.

That is why I am truly honored to be here today addressing the members of this beloved Confederation, in response to the kind invitation extended by your President, Mr. Arun Bharat Ram, to talk about Colombia and the economic opportunities that we have to offer to India.

I have come to this Confederation because I am very much aware of the excellent work done by you to potentiate the power of Indian industry, to create internal efficiency, generate international competitiveness, and make technological progress available to small businesses. The role of the Confederation in facilitating access to the Indian market, fostering alliances, trade and investment, is an asset we must capitalize for the good of our two countries.

India and other Asian countries have proven to be true friends of Colombia, by transferring technology and translating into reality technical, educational, and environmental cooperation projects. However, as trading partners we must admit that we still have a long road ahead. Our visit is clear proof that my government is in a position and willing to do whatever is necessary to further strengthen our ties.

The commercial balance between our countries, favorable to India, has grown in the last ten years, reaching its peak level in the year 2000 when it grew about 40% over the preceding year, and amounted to some 46 million dollars. I am sure that trade can continue growing provided we identify the goods and services that each nation is in a position to offer the other, with comparative advantages.

On the other hand, Indian investment in Colombia has been a promising reality since the early 70s, though most of this investment has been made through foreign subsidiaries. Today we can mention as an example of faith in our country and the profitability of the business opportunities we have to offer, the presence of two major Indian companies: "Praj" that

delivers high tech used water treatment facilities, processing of tropical foods, and fermentation processes, and “Rites”, that presently provides excellent technical assistance in the rehabilitation of the railways of the Atlantic.

We know that Latin America has become a very important trading partner for Indian industry and that is why we applaud the existence of a Latin America committee inside the Confederation of Indian Industry. Thanks to its work in the identification of business opportunities in the region that we have strengthened economic and commercial cooperation between India and Latin America. The trade mission organized by the Confederation and that visited Colombia last November, is a clear example of your continuous work to try to bring our two countries closer together.

My government would like to go one step further and establish a formal Indo-Colombian Business Council that would act as a privileged forum for dialogue between our countries business communities and where we could identify investment, trade, technology, and strategic alliance opportunities in areas of common interest, as well as joint solutions to possible

problems. This council could provide specific advice to each business community, to their corresponding authorities, and to their counterparts in the private sector.

My dear friends and businessmen:

I have come with an important group of trade association leaders, businessmen, and State officials, to invite you to invest in Colombia, a country known in Latin American and the world for having a long-standing and stable democracy, and by the seriousness with which it honors its international commitments.

During the last century we had a prolonged and continued period of positive growth, characterized by moderate unemployment, a sound fiscal policy and never did we have hyper-inflation, a steady performance that was interrupted in 1999 when for the very first time in 70 years we had to pay the effects of the international financial crisis and the lack of institutional coordination resulting from the changes to the economic policy implemented in the 90s, with a recession.

Things being as they were when I took office, the first thing I did was to design a two stage economic program aimed first at stopping the economic free fall and resolving the financial system's systemic risk and then focus on economic recovery.

The public expenditure reduction program implemented during the first phase gave us space and credibility required for lowering interest rates to below 14% and free the exchange rate without traumatisms.

We simultaneously put in place a sound monetary policy that has allowed us to reduce inflation to its lowest level in the last 3 decades, and maintain it at a one digit level for two consecutive years. Inflation has fallen steadily during the two and a half years I have been in office. Furthermore, today we have a stable and competitive exchange rate ,and we have managed to lower interest rates by over 30 points.

However, the most important aspect of the improvement of these variables is that they laid the foundations for the recovery we are evidencing today in Colombia: industry is growing at a 10% rate, pulled by sectors that are growing at a

20% rate, as is the case with the textile industry, and exports have grown at a rate of about 17%.

The performance of the financial sector improved as a result of enhancing the quality of its portfolio and by increasing the loans extended to the business and construction sectors.

Even agriculture has growing bit by bit and construction is showing signs of reactivation.

The outlook for this year is even better. The fiscal adjustment implemented to date has, besides its effect on exchange and interest rates, allow us to foresee a 4% growth rate, which is more than one point higher than the 2.8% growth rate registered last year, and becomes even more important when compared to the negative 4.3% growth rate registered in 1999.

We are now ready to consolidate reactivation, by following the example of countries such as India, turning to foreign investment and international markets to ensure a sound and sustainable long-term growth.

You already know, because there are many Indian investors with excellent businesses in our country, and because several trade missions have visited our country in recent times to study my country's economic perspectives. However let me remind you of some of the many reasons why it is profitable to invest in Colombia: my country is an ideal candidate for establishing strategic alliances and joint ventures because we have free trade agreements and tariff preferences with most of the countries of our region and of the world.

Thanks to those agreements and preferences, our products have preferential access to over 8 hundred million consumers in the European Union, the United States, Mexico and the Andean community.

Our domestic market is the third largest market in South America and the second largest market of all Spanish-speaking nations in the region.

We are self reliant in gas, power, and natural resources.

We have a privileged geographical position, because we are the link that joins South America with the Caribbean and Central America, and we have coast lines on both the Atlantic and Pacific oceans, where we have created special export zones exempt of remittance tax, and where one can import free of tariffs, free of income tax until the year 2002.

We have a modern and simplified customs regime.

We have a long-standing and well known democratic stability.

We offer very profitable investment opportunities in telecommunications, mining and gas, oil, transport, manufacturing and agriculture. Furthermore, we introduced a constitutional reform whereby we eliminated expropriation without compensation, because it represented a risk to investors, and in so doing we guarantee your ownership of your investments.

And if this were not enough, we have just signed and are about to sign with several countries agreements for the promotion and protection of investments.

But the best reason to invest in Colombia is well known to you all or you can ask your colleagues who have visited our country with the purpose of doing business: because it is highly profitable business!

My dear industrialist friends from India:

There are many fields in which our countries' businessmen can establish strategic alliances and joint ventures, such as the textile industry, the pharmaceutical industry, the chemical and agro-chemical industry, and avail yourselves of our country's preferential tariffs in Latin American markets and the US market.

During a recent trade mission of Indian industrialists to Colombia in November of last year, the CII entered into a cooperation agreement with the National Association of Industrialists of Colombia that has been fully endorsed by my government. We cannot loose our momentum; on the contrary, we must move forward so that our countries make the best of our ability to supplement each other in traditional

sectors as well as in the new economy: the new economy that will support mankind's progress in the third millennium.

To this end, I would like to emphasize that my government considers massifying the use of information technologies and communications as a top priority to support growth and enhance competitiveness, ensuring our productive sectors access to international markets and thus reinforcing the job creation policy.

India is an example of the positive results that technical development brings to a country having a very large human capital. Our joint work in the field of transfer of technology and development will constitute a significant contribution to my country peace.

Fifty years ago, Prime Minister Nehru had the vision of investing in technology institutes and today we see the fruits of such vision: the high tech industry has grown 25 fold in the last decade, software exports went from \$40 million dollars to almost \$10 billion dollars and created almost three hundred thousand jobs paid at twice the average industrial salary.

Likewise, in my country we hope that cooperation in high tech areas such as the pharmaceutical and software industries, and in which India is very competitive, will lead us to form part, together with you, of the changes and new discoveries made in this millennium, by providing us with the instruments required for fostering my people's development, combating poverty, and achieving peace.

I am a firm believer in the potential of information technologies to achieve a more egalitarian society in the world and also in my country.

Based on this conviction my government designed the so called "Connectivity Agenda", a State policy aimed at massifying the use of information technologies and in so doing increase the productive sectors' competitiveness, modernize State agencies and government institutions, and socialize access to information.

My government structured and consolidated this plan with clear objectives in mind:

We would like to avail ourselves of the opportunities offered by information technologies and thus take a leap in our development, and close the gap that separate us from more developed countries.

We also want to close the gap between Colombian citizens by guaranteeing access to information, and in so doing offer new education and information opportunities to our youth.

We would like to promote the Colombian business sectors' integration into the new economic model created by the society of knowledge.

We want to foster an environment that promotes foreign investment and fosters the establishment of local companies that offer goods and services connected to information technologies.

And finally we wish to create a new State model that delivers better services, through transparent management and with adequate citizen control.

In short, the Connectivity Agenda is the Colombian Government's response to the need to offer an attractive economic environment and to actively participate as world-class player in this new economy of knowledge.

We also acknowledge the importance of tailoring the Colombian development model to that of a society that fosters the use and application of information technologies.

We are working in all fronts: both in the elimination of barriers to guarantee access to information technologies, as well as in education and in supporting the business sector so that it may join the new economy.

I want my government's legacy to be a changed country, not only in the subject of peace, but also for having taken that leap that will project us with great force into the future. Therefore, the Connectivity Agenda, which we have come to call "The Leap to Internet", is one of my government's priority programs and is being coordinated directly by the Presidency of the Republic.

Thanks to the development of the Connectivity Agenda, undertaken and with the support of national and international advisors, we are convinced more than ever before of my country's potential to develop a sound, world class industry around software development, related services and other businesses that stem from information technology, as is the case with the so called "Call Centers", telesurveillance, and other similar services.

We have studied in great detail the success stories of countries like India that, in a strategy coordinated by the private and public sectors and the academia, in a relatively short of time changed the course of its fate and today are known worldwide for their information technology industry, countries from which we would like to learn and with whom we hope to associate ourselves to develop our own potential.

We would like to enhance the important exchange of experiences with India. We are presently working with an Indian advisor on the design of a very intense training and certification program for specialized software developers. We

also welcome alliances between Colombian and Indian companies having more to offer than just specialized training services. We also want to set up software factories with you, because these are the basis for the growth of this industry in Colombia, which must clearly target international markets.

This is the reason why we attach great importance to this visit. We think we have a lot to learn from the excellent Indian experience and I wanted to see it first hand together with my closest advisors in this field. This is an ideal occasion to strengthen our business ties and to create new alliances that will allow us to make the best use of the overwhelming opportunities one finds in the information technology market.

We have come here today with our most dynamic industrialists with the purpose of translating our desires into reality.

Rabindranath Tagore once said: “We have been called into this world concert to play our instrument in the best possible manner”.

Dear friends: If India and Colombia play together and make the best use of the instruments provided to us by nature, fate, and our own efforts, then we could play together the marvelous duet concert of progress and cooperation!

Thank you very much