

## **REMARKS OF THE PRESIDENT OF COLOMBIA, ANDRÉS PASTRANA, AT THE STATE OF THE WORLD FORUM**

**New York City, September 6, 2000**

Ladies and Gentlemen:

First, please allow me to take this opportunity to warmly congratulate all the Co-chairs and the dedicated staff members of the State of the World Forum for hosting the Forum 2000. In particular, I would like to express my gratitude to Oscar Arias, former President of Costa Rica who will enrich this Plenary with his vision and wisdom.

This year's program is the result of a superb effort in bringing together multilateral organizations, governments, NGOs, trade unions, private corporations, religious leaders, and academia. By facilitating dialogue among this diversity of authorized participants, you have created an splendid opportunity to move forward in the discussion of key questions that arise time and again in our role as policy makers.

Today, we have benefited from the participation of the "Latin American Leaders for the New Millennium" selected by Time Magazine and CNN in May, 1999. I welcome you and commend the organizers of the Forum for bringing you to this very special event. I am certain that your insights and contributions will play a key role in this year's forum.

The centerpiece of Forum 2000 is a dialogue on "Shaping Globalization: Convening the Community of Stakeholders". Frequently, at gatherings like this we hear both from the corporate world and from academia that globalization is good and that it is irreversible. But things are not as simple as that. We must acknowledge that today in the developing world, globalization is confronting many political challenges. And I think globalization is confronting challenges, precisely because it also has posed many challenges in our nations. Just look at the newspapers and you will find protests, not only during world summits, like Seattle and the meetings of the IMF and the World Bank this past spring, but also in the streets of our cities.

In our own Latin American context, we must pay special attention to the implications of globalization for our workers, our environment, and our democratic institutions. Much has been said and written about globalization. I believe it is accurate to say that countries that have opened their borders to trade and capital flows from abroad are growing faster, that more access to information from the rest of the world has reinforced democratic principles in our nations.

But it is also true to state that globalization has not benefited everyone. That not all groups in our societies are taking advantage of the opportunities brought about by

globalization. And this is an area where we need to work hard. We need to assure that the benefits of global integration are well distributed. If they just go to the few that have access to higher education, or to those that have access to capital, then globalization is threatened, and no matter what its long term benefits are, it will face serious political obstacles.

Rather than praising globalization rhetorically, we must help shaping globalization in a way that touches everyone. We must make each and every citizen part of it. We must make sure that the poor are not hurt by globalization but, on the contrary, enjoy the benefits that can be derived from a more integrated world. And this is not an easy task, because it implies that while we discuss free trade and economic integration in world summits, we must at the same generate the conditions in order to improve access to education, nutrition, and health of our people. If we fail to do this, then globalization alone will not solve our problems.

Globalization means more opportunities, but it also means more risks. The challenge is, therefore, to shape globalization in a way that enhances the opportunities, while reduces the risks. This is possible, but there is no textbook that will give us all the answers. But one thing is clear, in order to shape globalization we have to hear all the voices, specially the ones coming from those that have a legitimate fear.

Colombia offers the best example of how uncontrolled globalization becomes a curse rather than a blessing. Think for a minute about the nature of the narco-trafficking. The illicit drug business is by definition a global activity. Colombia stands at one end of a complex chain, which involves cultivation, processing, trade of precursor chemicals, distribution, money laundering, and of course, consumption.

Drug-trafficking is part of globalization, but clearly not the type of globalization that we want. Drug trafficking destroys the lives of the consumers, destroys the social fabric, destroys the natural resources in the producing countries, and destroys the institutions upon which democracies and democratic principles are edified. In the U.S. alone, each year drug abuse is linked to 52,000 deaths, and costs of nearly \$110 billion dollars in health care, accidents, and lost productivity.

I understand that this is an extreme example, which illustrates why we need to shape globalization. But there are good reasons for shaping globalization in less extreme situations. After a decade of reforms in Latin America, many of them involving freer trade and capital flows, economic growth is still below the postwar average, and income inequality is still the highest in the world. To me, this means that we need to assure universal access to secondary education, generate employment opportunities especially to the poor, and provide access to information by individuals and business. If we fail to do that, globalization will not deliver better living conditions for our people, and will become a threat to many.

That is why we cannot afford to remain as passive observers. We must be part of an ongoing international dialogue about the type of relations we want among our countries. We must ask what is the role of principles such as cooperation, responsibility, solidarity, and reciprocity in defining those relations. And in that process, you the "Time Leaders of the New Millennium," should play a key role.

Let me share with you my own personal approach to globalization. I have focused my attention on solving the problems caused by the type of globalization that we do not want, namely drug-trafficking, while promoting the globalization that improves our living conditions by providing stable jobs. For this, I have invoked the principle of co-responsibility between producers and consumer nations, asking for their support in a comprehensive and integral strategy which addresses not only the drug trafficking problem, but also the broader rule of law and socioeconomic challenges Colombia faces. These strategies are embodied in what we have called Plan Colombia.

The main goal of my Administration is get Colombia back on the track of prosperity, growth, and social development. It is essential to deactivate the structural causes of violence by moving forward in several areas without delay. These include the political negotiation with the insurgents in order to find a solution to the armed conflict, a social and economic recovery package aimed at generating education and employment opportunities for the poor, the strengthening of the fight against drug-trafficking activities, humanitarian attention and the development of social institutions. This Plan has already received ample international support, both economically and politically.

The Plan places special interest on the policies that are necessary to recover the investment climate in order to generate employment opportunities and improve living conditions in my country. We are putting the economy back on track by implementing a serious and determined fiscal adjustment that will bring down the deficit to manageable and sustainable levels. This has meant tough and unpopular decisions; decisions that certainly have a negative short-run impact on the polls, but that are beginning to payoff. In fact, the Colombian economy is growing again as a result of the stabilization program that was implemented during the first two years of my Administration. The manufacturing sector grew by more than 9% during the first semester of this year, while the value of non-traditional exports increased over 12%.

I am firmly convinced that without macroeconomic stability globalization becomes a nightmare. When globalization takes place in countries that experience large fiscal and external deficits, where the exchange rate is overvalued and interest rates skyrocket, clearly the end result is a surge of cheap imports and a loss of local jobs. But if globalization takes place in a balanced economy, with a competitive exchange rate and low interest rates, the end result is investment opportunities, export growth and job creation. I am a pragmatist. I do not think that endless discussions on whether globalization is good or bad are going to take us very far. I

think we ought to discuss under which conditions globalization yields positive results, and we –as policymakers- have to generate those conditions.

Let me also say that macroeconomic stability alone is not sufficient. We have to meet other criteria if we want to achieve higher economic growth. I think that our products still face many tariff and non-tariff barriers in the developed world. In fact, I often say to fellow Heads of State over the world, that the best way to help Colombia is by removing trade barriers that restrict our exports. By facilitating our exports, we will succeed in developing alternatives to illicit crops. More exports also mean less unemployment, which will help in finding a solution to the internal conflict.

This brings me to the political negotiation of the internal conflict, which is another building block of our Plan. I have personally led this process, which has involved risks and costs. With the FARC, the largest insurgent group, we established a demilitarized zone to facilitate the negotiations. We have agreed on a 12-point agenda and a timetable for the negotiations. We have established mechanisms that make possible the participation of all Colombians, with concrete proposals. But Colombians now expect from the FARC something more than gestures. We want deeds, specially a cease-fire.

With the ELN we have proposed a peace zone, a space to initiate dialogue and negotiation for nine months. The ELN has agreed to international and national monitoring. A five nation commission –Norway, Switzerland, Spain, Cuba, and France- will talk to the people in the area of influence that are against the peace zone. I hope we can find a solution and start soon the negotiations with them. We must not forget that the goal is to find a peace agreement that will demobilize and reincorporate in society the armed actors. This requires the will to reform and change, based on a wide social consensus.

It is no secret that narco-trafficking has intensified violence in my country. If we want to edify peace we have to fight these illegal activities. But we cannot do that alone. I have proposed an alliance between producer and consumer nations, based on the principles of co-responsibility and equity. This means that consumer countries have to do much more to control their citizens' appetite for drugs, to control money laundering, to control the sale of chemical precursors, and, of course, to halt illegal arms trade. This is a global problem that demands a global solution. Drug trafficking is not an isolated phenomenon.

Colombia, as a producing country, requires help in order to stop the growth of illicit crops that are destroying our biodiversity. The world has to understand that drug trafficking is not independent from the other problems that Colombia faces. But peace and eradication of narco-trafficking activities will not become a reality unless we strengthen our institutions, especially justice. We must also continue implementing alternative development projects that not only generate employment opportunities away from illicit crops, but also provide health, education, and

infrastructure to those that will lose their illegal livelihoods.

We have hundreds of projects in this area, many of them emerging directly from the communities involved. All of them need some initial support to become feasible, but we are making sure that the projects are economically and environmentally sustainable. In addition, we are placing an emphasis on the humanitarian attention of those that have been affected by the conflict, especially women and children, and by assuring that all involved actors respect human rights and international humanitarian law.

Plan Colombia comes out of my conviction that a problem with multiple causes and origins requires a comprehensive and integral solution. With the support of the international community, but above all with our own resources and efforts, we will succeed in solving Colombia's problems. Only with an integral and balanced program that deals with the complex set of factors that lie at the origin of our difficulties we will be able to deal with the social and economic challenges that our nation faces at the beginning of this millennium.

In sum, I am convinced that the first step to reach a successful globalization is the "globalization of solidarity." We require programs for alternative development in Colombian rural areas and more accessibility for our legal businesses, so that we can successfully combat the illegal ones. This means that in addition to the support for our counter drug efforts, we need trade preferences. As I have stated repeatedly, Colombia could join the United States, Mexico and Canada in the North American Free Trade Agreement or, alternatively, Colombia and the U.S. could enter into a special trade relationship. Meanwhile, trade parity with the countries that benefit from the Caribbean Basin Initiative is essential for our exports. Senator Graham has already presented a bill in this regard, and we look forward to continue working with Congress in order to obtain bipartisan support for the trade component of Plan Colombia. You can't overstate the importance of export incentives for the people of Colombia. I recently told President Clinton, as quoted in last week's Time magazine: "Don't give us a single dollar. Instead, give us a chance to sell our own products". I have no doubt that the best way to help Colombia is to ask our trade partners for improved access for our products. When it comes to job creation, there is no substitute for export growth.

Let me conclude by saying that the road ahead is not free of risks and difficulties. But the map is clear and focused. We are confident that the economic program, combined with international support for the Plan Colombia, will lay the basis for sustained growth. In that way together we can create prosperity with justice, paving the way for a lasting peace.

Thank You.