

**ADDRESS BY THE PRESIDENT OF THE REPUBLIC OF
COLOMBIA, MR. ANDRES PASTRANA, AT THE JOINT
CONFERENCE ORGANIZED BY THE ASIAN STRATEGY
LEADERSHIP INSTITUTE – ASLI ~~–AND~~
~~THE MALAYSIA PALM OIL ORGANIZATION – MPOO~~**

Kuala Lumpur, March 2nd, 2001

I am truly honored to be here today, thanks to the kind invitation extended by the Asian Strategy Leadership ~~Institute~~ Institute, ~~and~~ with the support of the Malaysia Palm Oil Organization and the National Federation ~~Organization, of~~ Coffee Growers of Colombia, at a time when the relationships between our countries are at their best, and when we find abundant opportunities for successful cooperation and joint ventures between Colombia and Malaysia.

I have come to talk to you, candidly and with concrete facts, about my people's real situation, and tell you about the outlook and opportunities we can offer to Malaysian entrepreneurs and investors in our country. ~~But before doing so allow me to give you a brief overview of my country's economic history:~~

There is no doubt that the Malaysian example is a benchmark for countries such as Colombia who are intent on walking the

road to development and social justice, and, who confront overwhelming challenges along the way such as the world drug problem, violence, and poverty.

For almost four decades Colombia has endured the brunt of an internal conflict where brothers see their brothers bleed to death, promoted by a small minority that does not believe in democratic channels and whose members do not even represent one out of every thousand Colombians.

I have personally been at the forefront of the peace process with the oldest rebel group in our country. We are now at the negotiation stage. Such negotiation is taking place in an area of detente established with the sole purpose of holding the peace talks. We have also established contact with the second largest rebel group, with a very good outlook, and with the unanimous and generous support of the international community, that has given us its political support to turn this process into the engine that will help us attain our ultimate goal: peace. And there is no going back.

The road to peace is not easy, nor does it produce immediate results, but it is the only road, and we have decided to walk this road with patience and determination.

Unfortunately violence in Colombia has been compounded and financed by the evil interests of narcotics traffickers, who breed death and corruption throughout the world. This is a world problem and the international community cannot turn its back on Colombia. You and I know that we will only put an end to this problem if we confront it together, under the principle of shared responsibility.

My government has designed an integral strategy to strengthen my country's institutions and increase social investment in my country. The objectives sought include offering productive alternatives to those presently engaged in growing coca leaf or poppy seed as their means of subsistence. This strategy – which includes the peace process, improving the justice system, servicing the population displaced by violence, programs for disseminating and protecting human rights, and building social infrastructure– has received the enthusiastic support of several countries and world agencies, both at an

individual level as well as through the Peace Process Support Group established last year in Madrid.

Important strides have been made along a promising road. We are walking hand in hand with the international community, towards a future of peace, economic prosperity, and social justice that we now want to share with the people of Malaysia.

My dear friends and businessmen:

Today I have come to propose that you choose a new and challenging road: the road to Colombia!

Colombia is a country known in Latin America and the world for having a long-standing and stable democracy, and by the seriousness with which it honors its international commitments. This past century was characterized by extended and continued periods of positive growth, moderate unemployment, a sound fiscal policy, and never did we have hyper-inflation.

However, in 1999, for the first time in 70 years, we paid 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.

Therefore, when I came into office, our economy was in a free fall and we were seeing the first symptoms of a recession:

We had a fiscal deficit that exceeded 4%, interest rates exceeding 50%, an unemployment rate that had doubled over the course of the previous 4 years, we had exchange instability, and the portfolio of the financial system was undergoing accelerated deterioration.

In view of such situation, the first thing I did was to design a two stage economic program aimed first at stopping this fall and resolving the financial system's systemic risk and then focus recovery.

The public expenditure reduction program implemented during the first phase gave us the space and credibility required for lowering interest rates to below 14% and freeing 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 three decades, and maintain it at a one-digit level for two consecutive years. Inflation has dropped 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 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.

Exports are growing at an approximate 17% rate.

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 is 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, allows 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 Malaysia, by turning to foreign investment and international markets to ensure a sound and sustainable long-term growth.

You already know, because groups of entrepreneurs and investors engaged mainly in palm oil cultivation have visited and studied my country's economic perspectives. Nonetheless I would like to remind you of some of the many reasons why it is possible to invest in Colombia:

My country is an ideal candidate for strategic alliances and joint ventures because we have free trade agreements and tariff preferences with a good number of countries in the region and worldwide. Thanks to those free trade agreements and preferences, our goods have preferential access to over 800 million consumers in the European Union, the United States, 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 and with zero 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 guaranteed your ownership of your investments.

And, as 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, if not ask those colleagues of yours who have visited our country with the purpose of doing business: because it is highly profitable business!

My dear friends:

Colombians admire and acknowledge the economic miracle achieved by Malaysia thanks to the New Economic Policy implemented in the 70s. Thanks to it, Malaysia linked into the global economy like few other countries have, with high tech products, and without ever abandoning its traditional basic commodities such as tin, cocoa, rubber, timber and palm oil.

Even after the financial crisis that seriously affected Asian economies late last century, Malaysia was wise enough to learn from this experience and successfully overcome this difficult juncture and get back on the road to growth.

Our bilateral trade relations, framed within the general framework of the World Trade Organization, have not been particularly significant, and barely amount to \$10 million dollars, with an upward trend that we must make good use of, registering last year a 64% increase over the volume of trade recording in 1999, a challenge well worth standing up to.

On the other hand, both our countries inhabit the tropics. Therefore, tropical crops is the field in which we can work,

cooperate, and undertake projects, involving crops such as palm oil, cocoa, and rubber, besides forestry developments and fish farming, where we can bring together Malaysia's vast experience with Colombia's overwhelming potential, thanks to its natural and commercial advantages.

Undoubtedly, the field in which we have progressed the most is palm oil cultivation, where Malaysia holds a leading position, as the number one palm oil producer in the world.

Colombia is the first producer of palm oil in the Americas and ranks fourth worldwide. So, we have many reasons to believe that this crop is an ideal means of subsistence for our peasants, and an ideal substitute for the illegal crops that have caused so much harm to our country and to the entire world.

That is why we are here in Malaysia, with the purpose of inviting your entrepreneurs to come to our country, to bring their experience and expertise and invest in a field they know all too well. In Colombia there are over 3 million hectares of land eligible for palm oil production, as well as excellent human and

technical resources that can guarantee the success of any investment project or joint venture between us.

Important strides have been made in this regard. During the last four years we have been honored by the visits paid by the Minister of Primary Industries of Malaysia, by different trade and technical missions that have exchanged much information and shared experiences in this promising agro industry, and Colombian ministers and businessmen have also visited your country. We have signed a Memorandum of Understanding whereby we agree to promote and modernize the scientific and technical infrastructure for producing palm oil and its byproducts in Colombia, for our mutual benefit.

I come on this high level visit accompanied by State officials, entrepreneurs, and leaders of trade associations engaged in palm oil production. I truly hope that we can define the vehicles for cooperation and business that will allow us to progress in this effort.

And how can we strengthen cooperation between Malaysia and our country in palm oil?

First, by selling Malaysian seeds to Colombia. Over the next ~~ten~~twenty years we hope to plant some ~~184,000~~500,000 hectares with palm, which means that we would buy from Malaysia about 4.58 million seeds a year.

Second, the Malaysian support given to the National Research Program of the Palm Oil Agro-Industry, undertaken by the Government and the National Federation of Palm Oil Growers “FEDEPALMA” would be of paramount importance because we could carry out actions such as supplying germoplasm and advanced strains. The transfer of technology would allow us to expedite the process for selecting and multiplying materials, and provide scientific advice. Furthermore, you could support us in training researchers and technicians in all phases of the palm oil agro-industry.

As a fact, in this valuable cooperation between two developing countries such as our own, Colombia could make available to and share with Malaysia the results of any research in palm oil diseases conducted at the Palm Oil Research Center – CENIPALMA-. Let me remind you that a Malaysian researcher

lived in Colombia between 1997 and late 2000. He participated in several research projects and he is well acquainted with the scientific progress made at CENIPALMA in the field of vegetal sanitation.

Third, it would be very valuable if we could contract long term soft loans with Malaysian state agencies or present joint large scale projects to international lending agencies with the purpose of channeling the resources required for strengthening the entire palm oil agro-industrial chain in my country, for both harvesting and refining as well as for trading vegetal oil and for oleochemistry developments.

Furthermore, Malaysia could support Colombian entrepreneurs and farmers in developing cooperative projects, such as those already implemented successfully by the Federal Land Development Agency -Felda-, to make new agro industrial uses of palm oil and its byproducts, and to increase our market share in domestic and international markets.

My dear friends, in Colombia we have several large scale projects, far reaching goals, and the determination to progress

in palm oil cultivation, and we want to do it hand in hand with you, the Malaysians.

The vision we have defined for the palm-growing sector for the next 20 years is to increase ~~four~~five fold the area planted with the palm oil and increase palm oil production seven fold. The expansion of palm oil cultivation has become a true national goal, because through it we hope to bring progress, investment, and social development to many parts of Colombia that are now ready to participate in the cultivation and processing of this basic commodity.

I would like to avail myself of this meeting with Malaysian businessmen and investors to invite you to participate in new Colombian palm oil macro projects, some of which have already been identified. These projects would be executed through production nuclei or centers of no less than 20,000 hectares, with their corresponding extraction mills, that will require an investment of some \$70 million US dollars.

We already have in place in Colombia an agency for promoting palm oil cultivation, called Propalma S.A., that brings together

43 palm oil growers and 2 agencies that contribute public resources; these are Proexport and Coinvertir.

I would like to invite any interested party to join us in this ambitious and promising investment project, that has the full support of the Government of Colombia, and to avail yourselves of this meeting to clarify any doubt you may have and to make whatever contacts are necessary with the businessmen and officials that have joined me on this trip. They are all eager and ready to talk to you and answer any questions you may have.

Colombia is waiting for Malaysian investment, and I am sure that it would bear great fruit in our country!

Dear friends:

The excellent economic results I have talked about have been achieved amidst a conflict that terrorizes my people. Can you imagine all the things we could accomplish if we were a country in peace?

But, as we achieve peace –and you all know we are working on achieving peace-, we still have some very interesting business and investment opportunities that are well known by the visionary entrepreneurs that have invested in our country or that have decided to do business with us.

An old Malaysian proverb says, “the barge passes, but the river stays”. These wise words summarize a life philosophy that seeks the transcendental, that looks to the future, that will continue on even in the face of adversity, and looks at projects from a very broad perspective.

So my dear friends, I invite Malaysian enterprise partner with us and participate in the construction of the new Colombia we are promoting: a Colombia in peace, with progress, and social justice.

Thank you very much