

## **U.S. DEPARTMENT of STATE Press Release**

### **The United States and Colombia: Building Peace and Prosperity in our Hemisphere**

**Reuben Jeffrey III, Under Secretary for Economic, Energy and Agricultural Affairs**

Hotel Tequendama

Bogota, Colombia

August 23, 2007

Thank you for that very kind introduction.

It's been an honor and a privilege to be with all of you here today, and thank you to the Carlos Lleras [Restrepo] Foundation for sponsoring this important gathering.

I had the opportunity to sit and listen to some of the panelists speak, and I found their remarks full of substance, passion, commitment to everything, to all of you, and Colombia and the United States, for trying to work together.

It is gratifying to look around the room and see such a diverse group of people in attendance: there are government officials, business leaders, academics and representatives from civil society. You reflect the broad range of talent that is working together to build peace and prosperity in Colombia. The substantial progress that we see is a credit to the tenacity and dedication of the Colombian people who are working – and have worked so hard – to reclaim their nation, often at great personal and professional risk.

It is apparent to any visitor that this is a nation rich in resources. Colombia's coffee is amongst the best in the world. The nation produces the highest quality sugar, cotton, cut flowers, bananas and any number of agricultural products. It is known for emeralds, not to mention oil and energy. Colombia has a magnificent and diverse landscape: from the beautiful coastline, to its extensive rivers and jungles. This landscape includes a variety of ecosystems that support one of the world's richest varieties of plant and animal life. You are so blessed in so many ways.

But no resource has greater promise to this country than all of you, the Colombian people. From the local merchants in Medellin who stood up to the cartels, to the farmers who've turned away from drug crops and gone into legitimate businesses. And, coming from the outside, I can say that Colombia is known to the world for many things, including its arts. From Gabriel Garcia Marquez's magical realism, to the sculptures of Fernando Botero, to the pop sensations Shakira and Juanes – my children listen to them. Colombia has earned its place as a global leader in culture and the arts.

There is no doubt that the potential of Colombia is great, and we've seen so much of that potential. We recognize what the people throughout Colombia – and here in this room – are working for is much larger than just one country. Colombia's success in continuing a strong Colombia-U.S. partnership created the conditions for a more hopeful future for the entire hemisphere.

Our close relationship is firmly rooted in a long history of shared ideals and aspirations. And today that relationship is, more than ever, oriented toward a shared vision of the future, which include:

- Vibrant democratic institutions responsive to our peoples;
- Social justice that ensures the broadest possible opportunity for all – in particular for the indigenous, and those of African descent;
- And vigorous, growing economies that trade freely and fairly – which serve as engines of job creation, prosperity, and hope.

In the U.S., this is a vision that comes from a strong, bipartisan consensus. But we know it isn't just a U.S. vision. It is also your vision – and it unites people through the entirety of your diverse country.

It is reflected in the policies of the genuine democratic leaders throughout the hemisphere – all of whom face the same opportunities and challenges of an interconnected world, a world in which we have unprecedented stake in each others' success.

So we applaud Colombia's success in transforming the country economically, and the extraordinary progress you've made toward ending over 40 years of strife fueled by narco-trafficking and crime. Under President Uribe's leadership, this shared vision of the future is becoming a reality for the Colombian people.

Now our shared history and our common future highlight our commitment to doing what we, the U.S. can do, as a friend, a neighbor and a partner, to support your continued success. This is why U.S. assistance programs to Colombia are the largest in this hemisphere – over a half billion U.S. dollars a year – and why almost \$200 million of that is dedicated to helping achieve developmental, social and human rights objectives.

Undoubtedly, there are many, many challenges ahead. We have heard about some of them from the panelists. But to keep things in perspective it is appropriate to reflect for a moment on the scope of the progress Colombia has made, much of it through the courage and leadership of individuals in this room, and your colleagues elsewhere.

Just 10 years ago – think about it – just 10 short years ago, lawlessness was pervasive in the country. Colombia, in the popular parlance, was viewed as being on the verge of being labeled a “failed state”. Few were willing to risk their lives – and those of their families – to take leadership positions. Towns had no mayors; courts were without judges.

Civil strife took a terrible toll on the country. International companies were reluctant to invest and tourism lagged. Many of you here today have bravely and ably filled the leadership vacuum, and the economy is rebounding as investment returns. Tourism is up substantially. Over 1 million visitors came here last year. And the World Tourism Organization chose to host their annual convention in Cartagena this year – a real vote of confidence in Colombia.

Most importantly there has been a dramatic decrease in violence over the last several years. Since 2000, kidnappings, terrorist attacks and homicides have dropped substantially. But even one of them is too many, but the trajectory is impressive and will continue. Coca cultivation is down and legal crops are being planted where drug crops used to grow, creating jobs in legitimate sectors.

But this has been much more than an anti-drug effort. It's a multi-faceted effort to create a healthy economic environment, protected by the rule of law. This is producing jobs for Colombia's citizens, nurturing the growth of a middle class, encouraging international investment and positioning the country as an active participant in the global economy.

To aid this transition the United States has provided financial and technical support for Colombia's demobilization and reintegration programs. We've also helped those displaced by war to find work and rebuild their lives.

In addition, as many of you know, USAID has partnered with the Colombian private sector to create alternatives to illicit crop production. Targeting key areas, this market-driven alternative development is helping to create jobs and income for rural, as well as urban families, that are susceptible to involvement in illicit crop production and related activities.

These and other programs are working. As I noted previously, the economy is growing – economic growth is at a near 30-year high, averaging over 5.5 percent for the past several years. Inflation is under 6 percent and unemployment 11 percent. Importantly, the poverty rate has declined some 15 percentage points since 2000. Still high, but trending in the right direction as government policies address the issues of inequality and social exclusion.

These remarkable, breathtaking improvements have attracted foreign direct investment, which has quadrupled over the past four years: something in the order of \$9 billion. Colombia stands as a model, in so many respects, for its neighbors as well as for other conflict-plagued nations around the world.

Yet despite these successes, as you are all too well aware, challenges remain. Colombia's success must be solidified and expanded through a range of economic initiatives, not the least of which is the Colombia Free Trade Agreement.

For the last 16 years the U.S. has provided Colombia – and other countries in the region – with preferential access to the U.S. market, through the Andean Trade Preference Act. This is credited with maintaining over a half a million jobs

in Colombia and creating new industries that were unimaginable before. The U.S. Congress recently extended these preferences, and the President signed them into law.

Last year we signed the U.S.–Colombia Trade Promotion Agreement, which would make permanent Colombia's duty-free access to the United States market. With this agreement, Colombia will graduate from a preferential trading arrangement to become a full commercial partner.

This free trade agreement will support the modernization and liberalization that Colombians have sought and earned. It also helps the country embark on a process that can mean sustainable and broad-based economic growth for future generations. The FTA, the Free Trade Agreement, however, is about more than just trade. It symbolizes a strategic partnership between two societies that believe in democracy and are committed to democratic values, to the well-being of their peoples and to the power of open and competitive economic markets.

In statistical terms, studies estimate that the FTA will add at least one percentage point to Colombia's economic growth. But in more tangible terms, we know from other FTAs in the region and elsewhere that this will significantly increase bilateral trade between our two countries, encourage investments and will help create jobs for Colombian and American workers.

The World Bank has estimated that in the 1990s, per capita real income grew three times faster for developing countries that significantly lowered trade barriers than for other developing countries that remained less open. Just as important, the income gains were enjoyed by people at all income levels.

The FTA also distributes wealth geographically. In Colombia most of the jobs created by exports to the United States in recent years are outside of major urban centers, strengthening the economy in rural areas and helping reverse decades of migration to the urban areas.

Trade, when free and fair, not only stimulates and grows economies, but nurtures free and open societies. Nearly 200 years ago the French historian and political thinker Alexis de Tocqueville said, "Trade is the natural enemy of all violent passions. ... Trade makes men independent of one another and gives them a high idea of their personal importance: it leads them to want to manage their own affairs and teaches them to succeed therein. Hence it makes them inclined to liberty." That was 200 years ago, de Tocqueville: no less true today.

When we look at the U.S.–Colombia economic relationship, we view it in the broadest possible terms, from aid and investment to good governance and the promotion of a strong business climate. This relationship consists of a range of sectors, from telecommunications to transportation.

Let me note just a few. First is aviation. Travel and cargo passage is key to expanding commercial ties, especially in Colombia with such a rich, but rugged, natural terrain. Yet, we have now maximized the number of passengers that can travel between our countries. We are discussing with Colombian civil aviation authorities ways to increase the number of passenger flights.

We are also negotiating an Open Skies agreement that would allow cargo carriers to make market-based decisions as to: what kind of aircraft to use, what routes to serve and how frequently, based on market demand. This will benefit a number of Colombian and U.S. business sectors.

Colombia is also an important partner on energy, and is, in fact, a leader in using biofuels to promote energy diversification, job creation and emissions reductions.

We want to continue to deepen our partnership in the regional Meso-American Energy initiative and we applaud Colombia's recent joining of the Extractive Industries Transparency Initiative which encourages transparency and sound management of energy and other natural resources.

In the telecommunications sector, we have the opportunity to adopt compatible standards, such as in digital television. This can help to generate jobs through the manufacturing of products and components that can be used in both countries. Also, increased dialogue on telecom regulatory issues can help foster greater investment.

Now economic growth requires infrastructure construction, capacity building and access to lending. The Government of Colombia is focusing on building rural infrastructure in its "Strategy to Strengthen Democracy and Social

Development.” By extending roads, electrification, bridges and air and water transport systems to rural and underserved areas, the benefits of trade and economic growth can reach a wider range of Colombian citizens.

The U.S. Trade and Development agency, the Export-Import Bank and Overseas Private Investment Corporation all have extensive experience in infrastructure creation and we’d like to explore how we can help support Colombia’s efforts in this area.

USAID is enhancing programs that promote small and medium-sized company exports, and expanding small business support programs at local institutions. OPIC, the Overseas Private Investment Corporation, will also support U.S. private sector investment in Colombia, potentially through housing and infrastructure programs. And EXIM Bank is making Colombia a high priority country, seeking to fill gaps in commercial lending.

The U.S. Department of the Treasury has also just announced a new micro-lending facility fund for Latin America, a portion of which will be targeted to Colombia. This will help bring people into the formal economy.

As Colombia works to consolidate recent gains, it is important to continue to build on the foundation of a favorable business and investment climate.

This is an exciting time for both our countries. And we should be absolutely clear it is a critical moment in our hemisphere. Today our leaders are called upon to make decisions that will be crucial for the competitiveness of our economies in a global age, and to the success of our respective societies.

This hemisphere has shown a remarkable commitment to democratic ideas and institutions. But we are also seeing a growing concern about the ability of free and open markets to deliver on the promise of a better future.

Together our two countries have embraced a bright vision of that future. The partnership between our countries is bringing tangible results as we seek to deliver, each of us, on this promise.

We have nothing but respect for how much Colombia has achieved. During our meetings here with leaders in government, civil society, and business, we have been struck by depth of your commitment to continue to improve opportunities for all Colombians – in particular in the rural areas. There is no better way to defend and advance your remarkable accomplishments today.

That’s why we believe increasing trade and investment through the FTA, is absolutely critical. The FTA will be a win-win for our two countries, and the changes we see here in Colombia will have a chance to take root. As partners committed to democracy and open markets, together we can lead the way to a more prosperous, sustained and democratic future in our region.

Thank you again for having me and so many of my American colleagues here today. We welcome and deeply value our friendship and our partnership together.

Released on August 23, 2007