

**Remarks by Alicia Bárcena, Executive Secretary of the
Economic Commission for Latin America and the Caribbean (ECLAC),
at the Sixth Summit of Heads of State and Government,**

Cartagena, Colombia, 14 April 2012

Your Excellencies, Heads of State and Government of the Americas,
Honourable ministers for foreign affairs,
Ministers of State,
Ambassadors and representatives of the diplomatic corps,
Parliamentary representatives,
Heads of regional organizations and agencies of the Joint Summit Working Group,

Friends, Ladies and Gentlemen

Your Excellency, President Santos,

May I first of all convey to you greetings from the United Nations Secretary-General, Ban Ki Moon, and express my thanks for the invitation to participate in the opening ceremony of the Sixth Summit of the Americas. I view this gracious gesture as an indication of your recognition of the work carried out by ECLAC. I also wish to pay my respects to María Ángela Holguín, Minister for Foreign Affairs of Colombia, and to acknowledge also the leadership of my friend, José Miguel Insulza, Secretary-General of the Organization of American States (OAS) at this Summit of the Americas.

Mr. President, I deeply appreciate your hospitality and that of the people of Colombia, all the more so in this beautiful city of Cartagena, the City of Heroes.

As a member of the Joint Summit Working Group, ECLAC has, under the leadership of OAS, contributed to this sixth Summit, providing technical inputs and concrete proposals that can be measured over time, just as you requested President Santos.

The central theme chosen by the Government of Colombia “Connecting the Americas: Partners for Prosperity” is a very fitting one, with the focus on poverty reduction, promoting closer physical integration, access to, and use of, technologies, disaster preparedness and management, and citizen security.

Excellencies,

This year marks thirty years since the dramatic debt crisis which plunged our continent into the lost decade of the 1980s. Today, the region is an example of how a severe global recession can be weathered with resilience both economically and socially. We have learnt to be prudent in the

macroeconomic sphere and progressive in the social sphere; applying different countercyclical measures, moderate and short-term as well as structural, and these have enabled us, especially in the past decade, to avoid irreversible social costs.

In recent years, despite the 2008 financial crisis, growth in the region had been at a historic high and Latin America and the Caribbean experienced a boom, the likes of which had not been seen for more than four decades. While growth is expected to slow to 3.7% in 2012, down from 4.3% in 2011, this indicator will be above the international average. The major strengths continue to be control of inflation (at 6.6%), sound fiscal policies, a lower and better structured public debt (below 35% of GDP), and unprecedentedly high international reserves (in excess of US\$ 765 billion).

In the past two decades, thanks to decisive action by States, the percentage of poor people in the region declined from 48.4% (1990) to 30.4% (2011). Extreme poverty or indigence fell by almost 10 percentage points, from 22.6% to 12.8% of the population over the same period. Employment increased and also improved qualitatively. Unemployment is now below the precrisis level (6.6%).

This is not all: there have also been unprecedented improvements in income distribution thanks to a better apportionment of labour income and to redistribution policies. For the first time in history, inequality has been reduced and the Gini coefficient has improved in 18 countries.

We can safely say that since 1994, when the first Summit of the Americas was held, not only has the hemisphere changed, but the world is no longer the same.

By 2016, the emerging economies, whose weight has been increasing steadily, will account for 53% of world GDP.

The geographical shift that has been taking place in the world economy forces us to rethink the structure of strategic alliances and to recognize the growing importance of South-South relationships. The sum of economic activity in Asia-Pacific and Latin America and the Caribbean accounted for 60% of world economic growth. This trend suggests that by 2020 South-South exports will exceed North-North exports. A similar pattern is emerging with foreign direct investment flows, 50% of which are channelled towards the developing economies.

One point is clear: the South is no longer the same and the Latin American and Caribbean region has changed as well.

The United States may remain the leading investor in the region, ahead of Spain and China, but, following in fourth place are the trans-Latins of Mexico, Brazil, Chile, Colombia, Bolivarian Republic of Venezuela and Argentina, which, admittedly, concentrate the bulk of their investments in neighbouring countries and in industrial and service sectors, where job creation is highest.

As stated in our document *Time for Equality*, we are convinced that there are gaps to be closed and trails to be opened up, because inequality conspires against development and security. Our region can grow more and better. The paradigm today is ensuring equality for growth and growth for equality.

The key to closing social gaps is employment with rights and this means closing production gaps not only between sectors but also between territorial divisions.

The size of companies and the way they fit into the production chain matter. Micro-, small and medium-sized enterprises generate 60% of jobs but account for only 25% of GDP. Moving towards productive convergence will depend on success in closing gaps in productivity, innovation, investment and infrastructure. ECLAC advocates a structural shift underpinned by active industrial and technological policies, in tandem with inclusive financing strategies. It will be crucial to avoid “reprimarization” of some economies and to ensure that windfall earnings from the natural resources exported by the region are administered judiciously, in keeping with a vision for the future and the principles of environmental sustainability.

Territory does matter. While the countries in the region are well on the way to achieving many of the Millennium Development Goals, national averages mask lags and setbacks at the subnational or local level. Hence the urgency to address territorial heterogeneity within countries and especially between urban and rural areas.

Two significant gaps that must be closed are the gaps in investment and intraregional trade. Investment levels in the region now stand at 20% of GDP. By contrast, in Asia-Pacific, investments are of the order of 40%. Intraregional trade represents just 19%, compared with as much as 48% in Asia-Pacific and 54% in Europe.

Infrastructure matters too. There is sufficient evidence of the virtuous relationship that exists between economic and social development and greater availability and quality of infrastructure services (including telecommunications, road and rail networks, ports, airports, power generation, transmission and distribution, transport and marketing of hydrocarbons, and drinking water and sanitation services). This is conducive to greater factor productivity and lower production costs. Those countries where proper infrastructure is available record higher per capita GDP and less inequality.

In order to close the gap during the period 2006-2020, Latin America and the Caribbean will need to invest approximately 5.2% of GDP in communications, energy, transport, and water and sanitation. If we hope to achieve the levels of the South-East Asian countries, the investment will have to be of the order of 7.9 % of GDP. Currently, 30 million people in the region do not have access to electricity.

One specific area in which advances can be made is telecommunications. While the region has made some headway, broadband Internet penetration is still much lower than in the developed countries or in the rapidly growing Asian economies. In Latin America and the Caribbean, broadband is still expensive, slow, of poor quality and out of reach for broad segments of the population. Only 5% have access to Internet at a cost of US\$ 25 per MBS, whereas in Europe, the cost is just US\$ 5.

Acting as technical secretariat, ECLAC has helped to promote the Regional Dialogue on Broadband, in which 10 countries in the region have been participating actively. And there have been concrete achievements: in a matter of two years, public broadband rates have been halved. The focus

now is on obtaining better quality service and lowering costs by reducing the use of international links, which account for between 20% and 40% of these costs.

Cooperation is vital for managing, and mitigating the impact of, natural disasters. In the past decade, more than 50 million people have been affected by such events and material losses were over US\$ 115 billion, more than double that of the previous decade. And if we take Haiti into account, more than 230,000 lives were lost.

The region must take advantage of the opportunity provided by the United Nations Conference on Sustainable Development (Rio+20) to agree on an agenda for sustainable development.

Excellencies:

A productive economic development strategy based on equality calls for a new State-market-society equation and this is what we are building in Latin America and the Caribbean.

We know that there is no single route to achieving this goal. Today our region is opting for diversity and for mutual respect for the balance between State, market and society that each country judges to be most efficient for fulfilment of its national objectives.

Today's challenges transcend national boundaries. Canada, the United States of America and Latin America and the Caribbean share responsibility for the progress and well-being of the peoples of the Americas

With your permission, Mr. President, I will develop this point a little further.

Since the last Summit of the Americas, held in Port of Spain in 2009, there has been a new development of the utmost political importance. I refer to the establishment in Caracas of the Community of Latin American and Caribbean States (CELAC).

ECLAC views the establishment of CELAC as a historic event of the greatest significance, the objective being to change the way we relate to each other and to the rest of the world with pragmatism and idealism. As stated in the Caracas Declaration, we are convinced *"that the unity and political, economic, social and cultural integration of Latin America and the Caribbean constitute both a fundamental aspiration of the peoples represented here, and a requirement for the Region to successfully confront the challenges before us."*

All stakeholders agree on the value of this hemispheric dialogue between the Americas (of the North, Central and South), as witness the strong attendance by Heads of State and Government here today; for this dialogue to gain strength, however, and if we can plan on its continuing in future decades, this new reality must be taken into account so that all the countries of the hemisphere and all CELAC member countries participate in the next Summit of the Americas.

Being partners for prosperity means recognizing that we are equals but respectful of the differences that we perceive in each other; it means recognizing that we have shared but differentiated responsibilities in building this prosperity.

It means wanting to live together and accepting our geographic proximity as an opportunity not as an affliction. It means seeking among us all our shared truth.

To quote the Italian philosopher, Gianni Vattimo, *“let’s not say that we will reach agreement once we have found the truth. Let’s say we have found the truth when we have reached agreement”*.

Prospering together is, in the final analysis, making a new covenant, a new partnership. Let us turn our word into reality for our peoples.

We at ECLAC are at the disposal of the Summit of the Americas process and are committed to contributing to the prosperity of our peoples.