

ADDRESS
OF THE PRIME MINISTER OF THE REPUBLIC OF SLOVENIA
AND PRESIDENT OF THE EUROPEAN COUNCIL JANEZ JANŠA
AT THE 2nd EU-LAC BUSINESS SUMMIT

Lima, 15 May 2008

President García,
President of CONFIEP, Mr Cáceres,
President of the Organising Committee, Mr Benavides,

Let me start by thanking you on behalf of the EU Presidency for the decision to follow up on the initiative launched in Vienna two years ago. The turnout of several hundred participants is proof of the high level of interest on both sides in making the second EU-Latin America and Caribbean Business Summit a success.

Ladies and Gentlemen,
Investment to achieve well-being, sustainable development and inclusion could also serve as the watchword for the next couple of days, as the discussion moves from the Museum of Art to the National Museum.

The motto embodies the agenda common to both our regions: issues we have been discussing since the first EU-LAC Summit in Rio de Janeiro in 1999. The background of our meetings, however, evolves and changes constantly. In the run-up to that Summit in Rio, the climate change debate was gaining a new spin. In 1998, a particularly strong El Niño effect, a phenomenon first observed along the Peruvian coast, raised worldwide attention to the effects of global warming. Ten years on, climate change is on everybody's lips.

Around the time of the first EU-LAC Summit, The Economist magazine ran a cover story entitled 'Why cheap oil may be bad'. It forecast that oil might be heading towards a price of only 5 US dollars a barrel. Last week the average price of the OPEC basket reached 115 US dollars. The new economy was the word of the day at the turn of the century. An economy of 'dotcoms', in which mineral and agricultural commodities were to play a minor role. The former US Federal Reserve Chairman Alan Greenspan was quoted as saying, "Today's GDP is lighter and smaller." Recently, the planet has been awakened to the fact that agriculture is a strategically important industry. In July, food prices will be on the agenda of the G8 Summit for the first time since 1981.

Turmoil on the financial markets is also under discussion. It now seems safe to say that some scenarios were too black. At the same time, the illusion that the impact is merely trivial is also gone. These developments are taking place against a background of increasing global competition, in which certain economies are facing slowdown while the growth of others appears to have no limits.

Ladies and gentlemen,

Europe has successfully breasted the first impact of the global headwinds. Not only did the foundations of European economy prove sound. Efforts to achieve budgetary balance or surplus paid off by providing stability. Our confidence is further boosted as we start to yield results of reforms carried out under the heading of the Lisbon Strategy.

The latest enlargement has expanded EU internal market, benefiting both old and new Member States of the European Union. Slovenia is a success story in this story. We were the first among new members to adopt euro. Our economy is growing faster than the EU average. And the EU average in the last years was also one of the highest in the latest decade. Last year, GDP growth of 6.1% accelerated our catching up to the EU average for development. Slovenia has now achieved 91%.

Foreign trade is a crucial generator of growth, with exports accounting for 70% of our GDP. Although growing, economic cooperation between Slovenia and Latin America and the Caribbean remains modest. There is great potential to enhance it. I am pleased that Slovenian Minister for Economy, Mr. Vizjak, is here with us today, leading delegation of some 25 businessmen. Our country, located at the heart of Europe, offers skilled workforce, developed infrastructure and good connections with regional markets. Slovenia can serve as an entry point for placing goods on the European market. The Mediterranean reaches deep into the European mainland at our cargo port in Koper, which is well connected to the main transport routes. European experience shows that succeeding in global positioning today requires more than market opening. Working institutions of democracy and the rule of law along with efficient regulatory structures are a prerequisite. Bottlenecks need to be eliminated in infrastructure, education, health, innovation and technology so that the benefits of a globally integrated economy can spread throughout society. In turn, cohesive societies are fitter to play the game of global competitiveness.

The interdependence of well-being, inclusion and sustainable development has never been more complex. It calls for a comprehensive approach, with strong public-private partnership. Juan Somavia, Director General of International Labor Organization has put the recipe in a nutshell. He said: »What we need is political leadership which can give guidance to the development of global governance. We need business leadership which goes beyond shareholder value to understand the needs and fears of other stakeholders and their communities.«

The recent World Economic Forum in Cancun confirmed that the position of Latin America to deal with what is happening in the world economy has never been stronger. The resilience of the region's development is shown by a five-year cycle during which GDP growth has been over 5 % a year. There are places in the region with China-like growth. The example of Latin America and the Caribbean shows that economic growth remains the strongest weapon in the fight against poverty.

The Millennium Development Goals, however, remain a strong imperative. The EU, the biggest donor in the region, remains committed to providing assistance. The potential for closer cooperation between our two regions is especially strong in combating climate change. As the EU is launching concrete policy measures, we expect a positive response on a global scale. Immense

natural resources and unparalleled biodiversity make the region of Latin America and the Caribbean a key player in these efforts.

Ladies and gentlemen,

The solid form of our economies indicates that the positive trends in economic relations between the EU and Latin America and the Caribbean will continue. There is a good prospect of achieving the goals set in Vienna – doubling trade and investment flows by 2012. The European Union continues to lead the way as the main investor in the region with a share of some 75% and remains the region's second largest trading partner. In 2007, trade grew by almost 13% and amounted to 167 billion euro. I am convinced that there is still room for improvement.

I wish you all every success in finding ways to use this potential. May this event bring our two continents even closer.