OPENING SESSION

OFFICIAL OPENING SESSION
OPENING OF THE WORLD CONFERENCE OF TRADE PROMOTION ORGANIZATIONS

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On behalf of the Colombian government, the Ministry of Foreign Trade and Proexport, I wish to extend my warmest welcome to Cartagena, a garden within stone ramparts, to all foreign and local guests taking part in this first world meeting of trade promotion organizations.

Considering that the world's new economic order demands painstaking efforts in the field of trade promotion, this event will enable, by the exchange of experiences among the various institutions that sponsor trade throughout the world, to indicate weak points in promotion policies and mechanisms and to establish agreements and treaties to remedy them, as well as optimize future actions.

In this sense, as a meeting at this level bestows the opportunity to benefit from worldwide variety and versatility in the field of export promotion, we propose to make it a formal yearly event, helping us to remain up to date with the conditions of international trade, ever more interlinked, complex and competitive.

PATTERNS OF TRADE PROMOTION AND EXPORTS

Within the context of economic liberalization and internationalization, globalization of economies and integration, sustained growth of exports represents a basis to achieve the economic and social development of our people. Indeed, it allows us to obtain and increase revenue in foreign currency, to develop and strengthen the national production apparatus, and therefore to attain an efficient

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capacity for competition, to stimulate job opportunities, fixed capital formation and a gradual redistribution of income.

Such reasons have led developing countries, particularly in Latin America, to centre their patterns of trade promotion on permanent, sustained and diversified export growth, especially of those of non-traditional sectors.

Nonetheless, the task performed by trade promotion organizations would not be successful without the operational support of the private sector, as businessmen are those who ultimately develop new markets and attain higher levels of specialization, progress in technological management, quality, administration.

The adoption of trade promotion policies must be developed within institutional and regulatory frameworks established by international organizations for world trade, when we consider that some patterns of trade promotion, specifically export promotion, have outstanding effects on free trade policies prevailing today in the world's economic context.

Within the framework of the World Trade Organization (WTO), trade promotion policies are clearly established and based on market research, trade missions, commercial fairs and shows, trade promotion offices abroad, government-sponsored studies, financing programmes for activities and services related to exports, export credit insurance, deduction of indirect taxes, free trade zones and the improvement programme known in Colombia as the Vallejo Plan.

On the other hand, to achieve goals set for trade promotion, one must strive to strengthen coordination between the public and private sectors, creation of mechanisms that efficiently answer the exporters actual needs, reliable criteria to assess efficiency of promotion mechanisms and improved streamlining of incentives within the various patterns of integration. We hope this will prove a background to begin debate on other issues, such as: specialized support services for the exporter, trade information, export associations, international fairs, mechanisms to finance local and international promotion, for an efficient sponsorship of service interchange.
TRADE PROMOTION POLICIES IN COLOMBIA

The Colombian government’s export promotion policy, contained in the Strategic Export Plan, has the basic purpose of combining efforts between public and private sectors. The Colombian State has ceased to play a paternalistic and meddling role and become a guiding partner, making the private enterprise to participate more actively in the country’s economic and social growth.

In this order of ideas, export promotion in Colombia is seeking new opportunities to establish or to consolidate the market share of our products on international markets through different mechanisms, namely:

Integration

The integration policy constitutes a fundamental tool in the search for trade opportunities, through preferential access to markets of our products, as in the case of the Andean Pact group, which fully demonstrates a reactivated demand for subregional goods.

Since the late eighties, trade agreements were encouraged and established with the rest of the world, as a consequence of trade liberalization and internationalization, a policy Colombia and the other nations of Latin America adopted within a pattern of economic globalization and open regionalization.

Latin American economies, including Colombia’s, adopted models of liberalization and tariff reduction that, simultaneously, led to deepen relations with other countries on the continent and to explore new alternatives of trade connections with countries outside the continent, in the search for new markets for Colombian products and for investment opportunities.

As a result, progress was made in programmes of integration within the Andean Pact group, trade agreements were established, subregional such as G-3 and Caricom and bilateral such as with Chile, while relations were strengthened with other economic zones.

The rapprochement with Mercosur, and the relations between Mercosur and the Andean Pact countries, form part of this process and open up to Colombia a renewed and varied panorama of southern markets, with the enormous potential demand provided by Brazil and Argentina, especially in intermediate and manufactured goods.
It thus proves vital to adequately assess opportunities afforded by this market, to define the best strategy towards an agreement leading to the creation of a South American Free Trade Zone. This undoubtedly offers great, if difficult, challenges.

Mercosur has suggested that Free Trade Zone negotiations take place between the various blocs and the Andean Pact group, in order to guarantee, among other items, external tariff rates and to attain a free trade system in the course of the next few years.

Because of the transcendental importance of building a free trade area between the Andean Pact group and Mercosur, negotiations will take place with active and definitive participation of the private sector, and over the necessary length of time.

**Currency Exchange**

Nowadays, revaluation of the Colombian peso represents a source of concern for government and the private sector, due to the narrow relation existing between the real exchange rate and export growth. A balanced exchange rate constitutes the best export incentive.

However, macroeconomic policies in the monetary field adopted by the Banco de la Republica board of directors have created a revaluation process detrimental to the competitiveness of our exports. In this regard, we must insist that the Banco de la Republica board of directors fulfill the proposed objectives concerning the exchange band, in accordance with forecasted levels for 1996 since the beginning of the year.

**Cert**

Furthermore, in Colombia, the CERT (Tax Refund Certificate) has proved an invaluable instrument for the exporter. Through this mechanism, the government gives back part of indirect taxes to exporters, through tax-deductible bonds.

Recently, such bonds have been granted more attractive and negotiable advantages on the stock market. Thus, for some export sectors in crisis, such as bananas, textiles, garments, shoes and crustaceans, bonds have increased in value.

This year, funds allotted to CERT exceed US$100 million, despite problems of the present administration in the tax field.
Credit for the Export Sector
Regarding credit granted to the exporter, the Foreign Trade Bank, Bancoldex, continues to diversify its financial products to meet the exporters needs. In 1995, the Bancoldex portfolio increased by 33.3\%, from 1.143 billion pesos in 1994 to 1.524 billion pesos in 1995. Eighty-five percent of these funds went to short or medium-term pre-shipment loans. It is worth pointing out that, besides the considerable increase in the number of users, credits are being granted at international rates competitive for Colombian exporters.

Furthermore, Bancoldex is expanding and developing specific guidelines for Colombian investment abroad, concentrating on purchase of trading companies, projects in the field of export infrastructure, international bids and granting of credit lines to the buyer abroad.

During the first four months of this year, the institution paid out over 429 billion pesos to exporters, a 62\% increase over the same period of the previous year.

Credit Insurance for Exports
Credit insurance for exports, a system which has been functioning for two years, only covers exporters who negotiate with direct credit. Although this type of operation only involves a small fraction of exports, it was devised by the government to provide the businessman with control and management of credit risk.

Sectoral Marketing Agreements
As previously mentioned, if it is one of the governments responsibilities to establish a framework for satisfactory business development, such a framework must also function in the interests of society. Hence, the priority of working jointly through marketing agreements, a fundamental element to achieve consensus between various socio-economic strata and to stimulate production, productivity, technological development, foreign trade and qualification of human resources in all chains of production involved.

To date, marketing agreements have been reached in the field of textiles and garments, metallurgical and automotive industries, petrochemicals, rubber and synthetic fibers, wood pulp and graphic arts.
The Vallejo Plan
Another important mechanism of export promotion is the so-called Vallejo Plan, under the auspices of which around 60% of exports are achieved. In the case of capital goods, this mechanism will remain operational, until its discontinuance on the deadline determined by the Andean Pact group, and otherwise will remain valid in expeditious fashion and with broader coverage of small and medium-sized exporters.

TRADE PROMOTION
In regard to promotion activities restricted to trade (even though they will be the subject of lectures throughout this meeting), I will make some brief comments.

In the performance of its tasks, Proexport, a governmental institution responsible for trade promotion, has made contact with several Colombian businessmen interested in taking advantage of market opportunities. Its very objective is to become an efficient channel of communication between the export sector and the government.

At the same time, Proexport has been working on the model of export units, through which companies, in the same field or with interests in a specific market, can develop common strategies to conquer their share of international markets and to participate effectively in sectoral marketing agreements.

In the framework of these sectoral agreements, Proexport could become the businessmen intermediary with public sector institutions, to find solutions for problems seriously affecting exports, such as those mentioned formerly (technological development, deficiencies in human resources, quality control and financial hurdles).

Likewise, Proexport outlines business education programmes with international scope and divulgence programmes to promote exports. To this effect, it must provide exporters with wider information services on market niches, trade opportunities, international biddings, unilateral preferences and promotion of the same, international sales networks and technical standards required in countries of destination. Moreover, it furthers studies in the field of market intelligence on opportunities provided by trade agreements,
to later transmit such information to exporting companies and potential exporting companies.

In a nutshell, this brief description of trade promotion policy fits into the framework of international agreements signed by Colombia and intends, through a joint process between the public and private sector, to put us in key with the demanding world market.

With the certainty of contributing to the strengthening of our common efforts, I wish to invite you all to participate actively in this meeting, and I rest assured that the sharing of past successful ventures, as well as failures, will help us improve our future task.