



Embajada en Australia
Ministerio de Relaciones Exteriores

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PARA TODOS**

LATIN AMERICA COLLOQUIUM – University of Queensland

REMARKS BY

HE MRS. CLEMENCIA FORERO UCRÓS, Ambassador of Colombia

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Professor Peter Hoj, President and Vice-Chancellor UQ, Professor Monique Skidmore Vice-president and Deputy Vice-chancellor, Brett Hackett, Assistant Secretary for Canada and Latin America DFAT, Crispin Conroy, Senior Trade and Investment Commissioner for Latin America and General Consul to Colombia, Alex Pessagno, Trade and Investment Commissioner for Latin America Trade and Investment Queensland, Jose Blanco Chairman ALABC, Pedro Villagra Dean of the Diplomatic Corps, colleagues, representatives from the business sector, Australian civil servants and students.

Good afternoon, it is an honour for me to participate in this panel at this prestigious University and to be back in Queensland a state that has been so proactive in its relationship with Latin America.

I would like to start by offering you some facts and figures about Latin America and its economy as well as its relationship with Australia. Here I quote my colleague from Argentina and Dean of the Latin American Ambassadors, Pedro Villagra, who made significant remarks at the latest ALABC's networking event in Canberra. "Our region has about 21 million square kilometres, slightly over 600 million people, our GDP PPP is of around US 6.9 trillion dollar and the average per capita income also on PPP is of around US 10.000 dollars (with significant levels of variation among countries in those two areas, ranging from around US 19.000 dollars at the higher end). In 2013 Foreign Direct Investment represented US 294 billion dollar, with Brazil topping the list, followed by México and Chile. In 2014, FDI was 18% higher than in 2012 and internal investment in average represents 20% of GDP. **Trade between Australia and Latin America in 2013 was about AU 6,9 billion dollar**".

In respect to the trade relations between **Latin America and Asia**, according to the United Nations Economic and Social Commission for Asia and the Pacific -ESCAP,

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in 2013, “only six countries in East and North-East Asia accounted for 60 per cent of both total regional merchandise exports and imports, also 65 per cent of all services exports from the Asia-Pacific region are attributable to six economies¹”. These economies are mainland China and Hong Kong, India, Japan, Korea and Singapore.

As per figures shown on the BBVA’s Asia Flash, August 2014, “the total bilateral trade between **China and Latin America** surged to approximately US\$ 238 Bn in 2013, a relationship which grew by an average annual rate of 27 per cent year over year between 2005 and 2013. Brazil, Mexico, Chile and Venezuela accounted for approximately 70% of these flows”. **China is nowadays considered as the largest trade Asian partner for Latin America.** Some other bilateral trade relations between robust economies in Asia and Latin American countries have strengthened and evolved over the years with further potential for growth.

However, there is a long way to go for smaller economies in the Asia Pacific Region to a more significant trade with **Latin America, particularly for those part of ASEAN** as highlighted me our colleague Ricardo Varela from Uruguay, who provided me with very relevant information on this specific matter. According to the ASEAN Secretariat, two-way trade in goods between ASEAN and Latin America hit nearly 67.3 billion USD in 2013, with an increase of 6.7 per cent compared to 2012. ASEAN’s biggest trade partner in Latin America was Brazil followed by Panama, Mexico and Argentina. ASEAN countries mainly exported automobiles, machinery and electronic products to Latin America while importing food, copper and garments from this market.

Australia could further support smaller economies in Asia with regulatory problems and excessive bureaucratic procedures, which have proved to slow down trade growth following a study by the United Nations Economic and Social Commission for Asia and the Pacific as two of the main causes for that. Australia has established an ASEAN-Australia Development Cooperation program, which aims to support the transition of ASEAN to the ASEAN Economic Community by 2015. The best-practices that Australia is facilitating through this program will definitely bring about stronger institutions and procedures that will support growing trade not only with Australia but with the Latin American Region.

The role that Australia plays in successful cases of trilateral cooperation between Latin America and Asia is of the utmost importance. Let me refer in general terms to the case of Las Bambas operation in Peru, which is one of the largest copper mines in the country and has been operated by MMG, an Australian company whose largest stakeholder is China Minmetals Nonferrous Metals Co. Ltd our colleague the Ambassador of Peru can comment on this success story.

¹ The total FDI figure for the Latin America and the Caribbean region, including offshore financial centres, was \$292 billion in 2013, according to the report. Source: UNCTAD’s World Investment Report

Regarding trilateral in the traditional sense, Brazil has signed in 2010 an MoU for Trilateral and Technical Cooperation in International Development with Australia, as a result of this a project in rainwater recovery for human consumption has been developed in Haiti and another one in rice distribution in El Salvador. There are initial steps for a third project in agriculture in Timor Leste, to be developed. These examples show the potential support that Latin American countries could provide to states in the Asian region through trilateral partnership with Australia.

To mention further opportunities, it must be highlighted that Australia is a worldwide recognized country for its best practices in food production and biosecurity. The innovative research and development institutes as well as favourable government policies are replicable examples that could be used all over the world. Joint cooperation could foster trade and investment in this sector with Latin American Countries, which in the same way as Australia have a healthy surplus in some agricultural products. Efficient food production is a core aspect to most of our economies. Fast-growing consumer markets all over the world particularly those in Asia have created an increased demand for foodstuff products that we could supply.

Just to mention a case, at the moment, Professor Jill Gready, from the Australian National University Food Policy Institute is undertaking a study together with two Ecuadorian students sponsored by the Ecuadorian government and jointly with Ecuadorian Research Institutions. The aim of the study is to see how potatoes and other agricultural traditional products such as Quinoa produced in Ecuador could be the key for to the looming food security crisis thanks to their nutritional value. The introduction of these products to other markets can reduce malnutrition and could mean a pathway out of poverty.

Australia's world-class capabilities in education, vocational training and skills development, particularly in areas such as water resources management, clean technologies, renewable energy and services related to mining, are of the utmost importance to some Latin American countries. Collaboration in terms of research and best practices are already in place in countries such as Chile, where the role of CSIRO and recently by the University of Queensland have been instrumental for the Centres of Excellence in Mining already functioning. **My country, Colombia, has taken significant steps in developing sustainable mining with the support and expertise of Australia, through the Sustainable Minerals Institute from this prestigious University.**

I will end my remarks by referring to another important area:

Financial engagement by Australia in Latin America should be stronger and deeper as mentioned during the second Latin America Australia Investors Forum recently held in Sydney. As Guy Debelle, Assistant Governor — Financial Markets, Reserve Bank of Australia said on that occasion, Latin America presently represents between 1.5 and two per cent of Australia's offshore investment, with Brazil making up about half of this. Nevertheless, this amount is far from what Asian countries are investing in Latin

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America. We have seen some positive flows from companies such as Macquarie Funds, IFM investors, Financial Services Council and the Christian Super, amongst others. CAF-Development Bank of Latin America, sold as outlined by Bloomberg (2014) the first Kangaroo bonds in 2013, for US\$350 million (AU\$323 million) of three-year Kangaroo notes and A\$225 million of 10-year securities last year, having established a program allowing it to issue as much as A\$2 billion of debt in the Australian market, according to CAF. Those transactions were managed by Deutsche Bank AG and Westpac Banking Corp.

This flow of capital is instrumental for the development of projects between Australia and Latin American countries, also with further Asian involvement. As you can see there are important double-way flows of capital between our regions that can increase to finance projects involving also Asian investors.

Thank you!