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## **Regional integration**

### **Luiz Inácio Lula da Silva**

For a little more than three years as president, I have been personally committed to fostering unity in Latin America, particularly in South America. I have always been convinced that our countries will only overcome their development and social inequality challenges if they join their voices with the international orchestra and combine their economic and productive potential. The experience shows that there is no other path for us then that of uniting and integrating our economies and societies. I have been insisting that the important set of trade agreements we already have requires an effective electricity, road, and communications network between our countries to generate the enhanced regional exchange we aspire to. The integration of our physical infrastructure will make possible an efficient circulation of goods and services in the region and, therefore, the creation of truly regional production and industrial chains which will ensure the competitive inclusion of our countries in an increasingly global economy. In this unprecedented effort to create an integrated infrastructure, we are paving the way for new jobs and opportunities, apart from benefiting populations which have been historically marginalized from the dynamic centers of our economies, such as border and Amazonian communities. The integration we are seeking is mainly intended to improve the living conditions of our populations, reduce poverty, and give a concrete meaning to the concept of citizenship. In South America, we are advancing in implementing a set of projects which constitute the foundations of a true regional community. Each country selected at least two priority projects which make up the immediate agenda of the Initiative for South American Regional Infrastructure Integration (IIRSA). These projects have a clear multiplying effect on our economic and social development, since they attract investments, stimulate business opportunities, modernize our productive frameworks, and multiply jobs. This common project requires innovative funding solutions. It requires commitment from public authorities, corporate sectors, and national and regional development organizations. The Brazilian Government has been doing its part. Through the National Economic and Social Development Bank (BNDES) and the Export Financing Program (PROEX) of *Banco do Brasil*, we are promoting the export of goods and services which are directly relevant for our continental integration. Forty-one projects funded by Brazil are under way or about to be completed involving a total sum of US\$ 4.2 billion. The Andean Development Corporation (CAF) has also been playing an important role in ensuring the feasibility of these projects by providing financings or credit guarantees. In 2005, Brazil decided to become a full member of CAF and increase its capital contribution to the institution. ALADI's Reciprocal Credit Agreement has been another important tool of this regional financial engineering. However, given the magnitude of the challenge of building and integrating the regional infrastructure, the existing resources and funding modalities are insufficient. This is why I believe it was a very timely initiative to give priority to these issues in the agenda of the Governors' Assembly of the Inter-American Development Bank (IDB) being held in Belo Horizonte, Brazil, on April 3-5. Since it was created, in 1959, IDB has been playing a major role in

bringing public and corporate sectors of our continent together in the search for creative solutions for funding economic and social development projects. In the conversations I have had with the new IDB president, Luis Alberto Moreno, we agreed on the importance that infrastructure topics should be given in the Bank's activities. I am sure that the Belo Horizonte meeting will confirm our common purposes and pave the way for new prospects for ensuring the full realization of the potential for the solidarity-based integration of our continent.

**Luiz Inácio Lula da Silva, president of Brazil**