

SANTIAGO, CHILE

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ADDRESS BY THE GOVERNOR FOR ECUADOR
AT THE SECOND PLENARY SESSION

Jorge Gallardo

1. I am honored to be able to address these words to you today on behalf of the government and people of Ecuador. I bring with me their very best wishes to the Chilean people and to the city of Santiago that has so graciously welcomed us on the occasion of the Annual Meeting of the Inter-American Development Bank and Inter-American Investment Corporation.
2. I would like also to salute the president of the IDB, Mr. Enrique Iglesias, and the staff of the Bank and to express my gratitude for their dedicated efforts, year after year, to benefit our countries.
3. Our region needs to redouble efforts to duly assimilate all the events unfolding in the world economy. To rise to the challenges of globalization we will have to look to the future from a more open regional perspective, so we can proceed efficiently and share fairly in the fruits of these processes.
4. Ecuador is facing some distinct challenges of its own. Our success in placing our economy back on a firm footing will depend on the strategy devised to deal with these new circumstances. By virtue of the dollarization program Ecuador has rebuilt its economic fundamentals fairly quickly, thereby improving the investment climate and our prospects for progress. But there still is a huge task ahead if we are to achieve sustained development and become full partners in today's globalizing world.
5. One of our nation's top priorities is to make the economy more competitive. Improvements on this front need to be underpinned by public policies that set the stage for strengthening human capital, devising incentives to attract needed investment funds to

upgrade production processes. To that end Ecuador needs modern technologies to help make the most of the competitive advantages our physical and human resources afford us.

6. To realize the nation's competitiveness goals, the public sector has invited private enterprise to join with it in a strategic partnership, and we will be making every effort to further that process. The first fruits of this initiative are already in evidence. Thanks to a contract signed recently for construction of a heavy-crude pipeline, Ecuador stands to receive private direct investment equivalent to 8 percent of GDP and additional capital to boost oil production equivalent to 15 percent of output.

7. Our countries understand that, to attract private capital, we must be able to offer investors certainty as to our legal frameworks and assurances of an independent judicial system. Apart from affording a more secure base for the advancement of democracy in our nations, this would give the State a role in keeping with the country's investment needs to strengthen growth, creating an enabling environment for private investment with legal certainty as a backdrop.

8. It is on this front that the borrowing member countries should be looking to organizations like the IDB for support, so we can work and learn together, enriching each other's knowledge and experience as we come up with programs to serve our needs.

9. Ecuador's private sector has felt the impact of the financial and economic crisis of the past four years. What we would need from the international community, and especially from the IDB, are facilities whereby we can strengthen the productive sector's capital base as part of a medium-range growth strategy. A constraint for the businesses that have weathered these crises is that they do not have enough capital to upgrade production processes, both in terms of new technology and market entrées, so they can drive the economic recovery.

10. As the IDB Governor for Ecuador I would invite my fellow Governors and the IDB's Board of Executive Directors to devise a facility whereby funds could be channeled to strengthen the capital base of viable companies affected by the crisis, to spur economic growth and create employment.

11. I would also like to see the Bank explore ways of supporting moves to strengthen the region's legal systems, so we can rebuild confidence and thereby foster productive investment and economic and social progress in our nations.