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ADDRESS BY THE PRESIDENT OF ARGENTINA  
AT THE INAUGURAL SESSION

*Fernando de la Rúa*

1. I think I should begin with a word of thanks for the invitation to attend this event and to extend a greeting on my own behalf and on behalf of all Argentinians to the participants in this Annual Meeting of the Inter-American Development Bank. I am pleased that this visit to the Bank's Annual Meeting gives me an opportunity to share this day in Santiago, Chile, with our friends. Thanks are also due to this beloved city of Santiago, the noble people of Chile, and to their distinguished President, Dr. Ricardo Lagos Escobar.
2. I would like to congratulate Mr. Enrique Iglesias for the address he just delivered in which he paints a realistic picture of the situation of Latin America and the Caribbean. During his term as President, Mr. Iglesias has given priority to the situation in the region spurring social programs to help eradicate poverty and reduce inequality.
3. First, I would like to express my sincere wish that the work conducted in the sessions commencing today will be fruitful. I am convinced that our concerted efforts will enable us to find more effective means of consolidating the Bank's work in the year ahead and move the institution another step forward in achieving its future goals.
4. The Government of Argentina believes in the strategic role that the Bank is playing in the processes of integration under way in the region. Through the determination and efforts of their governments, our countries are creating a more suitable area for trade, investment, economic growth, and ultimately the well-being of our people. This phenomenon is borne out by the experiences among the countries of Central America and the Caribbean, those of the Andean Community and the MERCOSUR countries. We see in MERCOSUR a crucial project, the strengthening of which would

enable us to tackle the FTAA negotiations from a stronger position and also to move forward in relations with other countries and trade blocs, particularly with Europe.

5. This is particularly opportune time to mention that 2000 and until May of this year Argentina *has been* at the forefront of the FTAA negotiation process. During this period, with the active participation of all concerned, an initial draft of an eventual FTAA agreement was drawn up, to serve as a suitable basis for laying the foundations of the hemispheric integration process. You are all aware of the efforts that this task involves. However, I do not know you are aware that this task in which a singularly important responsibility fell to Argentina, received the support of the IDB, which acted as Technical Secretariat of the working groups. All in all, MERCOSUR, the FTAA, and negotiations with the European Union are the most ambitious international projects in which Argentina is taking part. In the process of integration, I believe that without a doubt the IDB will continue to fulfill a privileged role.

6. The Bank's potential influence in the future goes beyond this dimension. I think it is safe to say that the IDB will help us significantly with the process of economic reform and modernization and particularly with the long-standing, almost historical, challenges facing the countries in the region, to reduce poverty and to seek greater social equity.

7. In the year and few months since I took the helm of the Argentine government, we have encountered an extraordinarily difficult situation. I took office in the midst of persistent recession, high unemployment and a large fiscal deficit. External conditions were not promising either during most of these past months: high interest rates, poor terms of trade, and depreciation of the euro.

8. This situation forced us to implement reforms that no government in our country had attempted before, guaranteeing the operation of our institutions and adhering resolutely to our objectives: improving the living conditions for our people and embarking on a path of sustained growth with equity. We are carrying out a program based on recognition of the fact that growth can only be achieved by building a truly competitive economy integrated into the world economy, with a reformed State and sustained growth. In recent decades, this is the path taken by all countries that have achieved successful development.

9. We responded firmly, building our short- and medium-term fiscal solvency within the available margins, honoring our debt obligations, promoting reform that would increase the competitiveness of key sectors of the Argentine economy, such as energy, telecommunications, and transport. We are moving ahead with structural reform to produce the necessary changes for the benefit of our people. We are carrying through an already ratified labor reform, with associated regulations and decrees that will make it possible to streamline the rigidities of the labor market, which are not only unfair but cause inefficiencies and unemployment. With this same zeal, we are in the process of deregulating the health system and implementing social security reform to make it equitable and financially sound.

10. We have succeeded in controlling the fiscal deficit and for the first time in many years the federal government reduced primary spending. Many of the structural reform are posting their first successes: the Argentine economy is more competitive and our exports have been very favorably received. However, it is not enough: investment has not expanded; nor has domestic economic activity picked up. Without success on these fronts, we cannot lower unemployment and provide succor for the anguish of many Argentine families.

11. We have decided to respond to the adverse economic conditions with a decisive package that the Minister of Economy, Mr. Ricardo López Murphy, announced last Friday. To clarify this point, the measures that we will be implementing are a deepening of the policies launched by the present administration. We have not altered our assessment or our conviction as to the strategic solutions that we are applying. We recognize the importance of fiscal solvency, increased competitiveness, legal certainty, and the need to lower interest rates. To this end, the financial support that we have received from the multilateral community, the countries, and private banks will be used as indicated in the plans and announced in due course. We have an economic program in place and our purpose is to carry it out. We respect our commitments and will make such adjustments as are necessary to enable us to honor them. For this reason, I would like to take the opportunity offered by this invitation to the Annual Meeting to thank the Bank, its member countries, and the President for the Bank's participation in the Argentine financial program.

12. We are steadfastly convinced of the overriding need for consolidating the fiscal situation and deepening the country's economic competitiveness. I rest assured that the Argentine people are fully aware that the present effort will soon bring benefits.

13. I am optimistic about our country's possibilities to succeed in the new world dynamic. Argentina is entering the globalization process with comparative advantages and definite achievements. This view is valid despite the concerns and the problems that we must overcome on a daily basis. My optimism extends to the other countries in the region that are facing similar challenges and sharing the same expectations. To paraphrase Juan Bautista Alberdi, a great thinker who lived in Chile for so many years, "the golden age of Latin America and the Caribbean is not behind us, but lies ahead". I would like to conclude with these words full of hope and with the certainty that, with democracy in full force and the search for consensus, we will be able to build a better future.