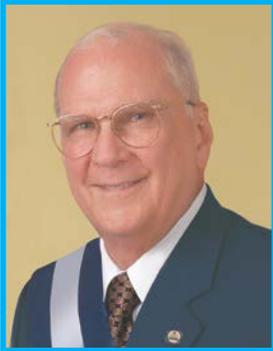




ADDRESS OF ENRIQUE BOLAÑOS GEYER *Presidente de Nicaragua*

TO GERMAN BUSINESSMEN

Berlin, October 27, 2002



Thank you, Latinamerika Verein for inviting me to address tonight, on behalf of Central America, this distinguished audience of German businessmen with interests in Latin America in general and, I hope, in “Mittleamerika” in particular.

As President of the Nicaraguan businessmen’s umbrella organization, COSEP during the 1980’s, I shared with many of you and your predecessors the struggle for democracy, human rights and the restoration of the rule of law in both our regions.

In Biblical times the Lord’s armies brought down city walls with trumpet calls, for example, as with the walls of Jericho.

Almost 40 years ago, U.S. President Kennedy made a trumpet call here in Berlin that contributed to bring down this city’s wall in 1989 putting an end to the cold war. In Nicaragua, a virtual wall fell only a few months later, to end ten years of war and strife throughout the region.

If you allow me to paraphrase him, I would like to say that: “Ich bin nicht ein Berliner ... Ich bin aus Goslar.”

My grandfather Heinrich Geyer from Goslar, went to Nicaragua, never to come back, as he was captured both by the country and by my grandmother. Honduran President Ricardo Maduro Joest and El Salvador’s vice-president Ricardo Quintanilla Schmidt, just to mention some examples, also share with me this German heritage which is present throughout our region.

My delegation includes members of the Nicaraguan private sector - Mr. Erwin Krüger for instance, who is the Grandson of yet another German immigrant.

Our delegations abound with the children and grandchildren of immigrants from Germany, other European countries, Americans and a number of other origins.

Much like Germany, the nineties were for us a decade of recovery and reconciliation. As war and internal strife came to an end consecutively in Nicaragua, El Salvador and Guatemala the region went through the same rituals as you: reuniting long lost relatives, settling property disputes, reducing armies and coming together to face Globalization with a common vision.

Much unlike Germany, not all the countries in our region have been able to adapt to face external threats in the same fashion. West Germans, who have one of Europe’s highest per capita income, have been generously helping East Germany to overcome its uneven start. This process is much more difficult in our region which includes two countries of the four lowest per capita incomes in the hemisphere.

During the past few years, this region of 33 million has been subjected to various external shocks. Coffee export prices have dropped to their lowest level in history, while imported oil prices have risen to near record levels, US and European demand for our products has stagnated after “nine eleven” and yet Central America has continued to progress faster than the rest of Latin America.

Central America's trade with the United States is third only to Mexico and Brasil, higher in value than US trade with Indonesia, India, Russia or China.

The European Union's trade with the region is ... and compared to that of We are all located within two ½ hours flying time to the world's largest market and have shores on both the Pacific Ocean and the Caribbean Sea.

We realize that for enterprises there are controllable marketing variables and non-controllable marketing variables. Some of those variables that are non-controllable by the private companies may be controllable by Governments; our role is to support our investors foreign, regional or local, to facilitate their becoming competitive by improving the business climate.

For that reason, the Central American Competitiveness Program housed at INCAE, the Harvard sponsored Central American Management Institute, in close collaboration with all our Governments has played an important role in identifying promising clusters and providing pertinent information for business decision making.

Acting upon that and after a long pause in the region's integration efforts, we presidents have met ten times this year, including this meeting here in Berlin and have agreed to form a Customs Union by 31st December 2003 and to have a Common Customs Administration by 31st December 2004.

We are confident that the removal of internal customs will lower transaction costs throughout the region. A free trade agreement in services, patterned after the Scandinavian agreement in this field, was signed by the five countries earlier this year and is well along the process of ratification.

This agreement will homogenize financial markets and will also help reduce the cost of doing business in the region. An amendment to the region's charter (Tegucigalpa Protocol), will allow our businesspeople to use alternative

methods of dispute resolution, that is to say mediation and arbitration, to isolate investors from local judiciary systems, thus reducing the perception of country risks on a regional basis.

Further, the US Trade Representative has already notified the US Congress of its intention to negotiate a Free Trade Agreement with Central America and we hope to have concluded the agreement by end 2003 at the latest.

Earlier this year we met, under the San José process, with the European Troika in Madrid and agreed to start negotiations for an Association Agreement between our two regions after the first part of the Doha round is concluded, but no later than 2004.

As a show of businessmen's expectation of opportunities in the region, our Trademark registrations have almost doubled since the CAFTA was announced earlier this year and visits by businessmen and investors have become commonplace in all Central American capitals as well as at the free trade manufacturing zones.

A silent and peaceful yet profound revolution is taking place in Central America. As a result of thorough anticorruption drives, Throughout the region there is a New Era taking shape. The ongoing moral renewal seeks to reinstate the rule of law, combat corruption, drug and arms trafficking, money laundering and terrorism.

We see this as a moral imperative with long-lasting effects in governance and institution building, but this is also as an opportunity to assure investors that no hidden costs will have to be added and their calculations will not be clouded by graft and abuse.

So, join the likes of Daimler Benz, Bayer, BASF, Boeringher Ingleheim, Boehringer Mannheim. Give Central America a chance as destination for investment and help your shareholders get better return for their money.

I leave you with a quote from my granfather's letter to his brother in Germany as he describes his work in Corinto where he built engines for the Nicaraguan railroad system:
“.....”

God bless Latinamerica vohrein, God bless Germany, God bless Mittelamerika. Thank you very much.