

Central American leaders warn of impact of high food and oil prices

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Central American leaders at the World Economic Forum on Latin America warned that the impact of climbing food and oil prices could undo recent gains that their economies have made.

"This is a perfect storm," said Elias Antonio Saca, the President of El Salvador. "How long can we withstand the situation? We have to feed our people and commodities are becoming scarce. This scandalous storm might become a hurricane that could upset not only our economies but also the stability of our countries."

Added Manuel Zelaya Rosales, President of Honduras: "International organizations need to develop urgent measures. We are not asking for donations but short-term lines of credit for food and alternative, renewable and clean energy. Either globalization is a trick – or it is an opportunity."

More than 500 business, government and civil society leaders from 40 countries are participating in the two-day World Economic Forum on Latin America, which ends later today.

The Central American leaders also warned of growing populism and nationalism. A balance should be struck between state control and the free market.

"The state has to be the major facilitator," reckoned Patrick Manning, Prime Minister of Trinidad and Tobago. "The answer lies not on either extreme; the pendulum should be in the centre."

Said Eduardo Sojo Garza-Aldape, Secretary of the Economy of Mexico: "You need the participation of the state but it is a strategic role so that all can benefit from the market."

The main concern of the countries in Latin America should be "to build sound democratic structures", argued Álvaro Colom Caballeros, President of Guatemala. He added: "Each country today is trying to find its own model."

Central American and Caribbean nations must also work more closely together to take advantage of pooled resources and a larger combined market, the leaders said. They must cooperate to combat regional problems such as organized crime, the drug trade, and the trafficking in humans and illicit goods. Gone are the days when countries in the region settled their differences through conflict.

"We now favour dialogue and agreement rather than intransigence and exclusion," said Jaime Morales Carazo, Vice-President of Nicaragua. "We are freeing ourselves from our dependence on the past."

He noted that he had been a leader of the Contra forces in Nicaragua but agreed to join the administration of Sandinista leader Daniel Ortega Saavedra. "We have left behind the past while respecting our ideological differences which are becoming less and less," Morales explained.

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