



## **MEDEF Meeting with Gloria Grandolini, Director for Mexico and Colombia at the World Bank**

11 March 2010

On the invitation of the French Business Confederation (MEDEF), Ms. Gloria Grandolini, Director for Mexico and Colombia at the World Bank, met with a number of leading French industries on 11 March in Paris. She presented challenges and investment opportunities for these two countries.

Referring to Columbia, Ms. Grandolini explained that the country had been able to sustain growth during the crisis and apply stabilizing macroeconomic policies. Declining trade with Venezuela was countered with increased trade flows with China. According to Ms. Grandolini, prospects for foreign direct investment (FDI) in 2010 are positive, especially in areas such as oil, mining, power, and construction. Columbia benefits from a talented and educated workforce and a strategic position on the continent. Concerning financial services, there are some unattended sectors such as microfinance and credits to small and medium enterprises (SMEs).

Contrary to Columbia, Mexico has felt the negative impact of the crisis rather strongly with a 6.5% decrease in GDP. This is due to a great extent to its strong trade relations with the United States and Canada, as well as to the avian influenza A (H1N1) virus, which affected many Mexicans. Mexico faces further challenges as a result of its dependence on oil revenues. Oil production in the country is decreasing and is likely to end in about ten years' time. Diversifying funding sources is a priority for the Mexican government. Ms. Grandolini stated that many World Bank programmes in Mexico are linked to climate change, environment, energy efficiency, education and health. There remain substantial business opportunities in the country in the renewable energies sector, transport (automotive, aeronautical) equipment, electrical and electronic equipment, forestry and paper, agribusiness and tourism. In addition, the Mexican government is strengthening its regulatory framework in order to increase FDI.

Security issues play role for both countries when attracting investment. Although security problems are localized, companies still spend roughly 10% of their revenues on security-related aspects. These issues are taken seriously by the government (the Colombian government spends 6% of GDP on security issues), and both countries have come a long way in improving security.

During the discussion, participants inquired about Public-Private Partnerships (PPP), rapid transit bus systems (BRT) in Columbia and ineffective tender-allocation issues. In response, Ms. Grandolini stated that most of the World Bank's projects are carried out through PPPs. She added that Columbia's planned metro line could potentially counter the problem of inefficient bus routes, but she recognized the need for further improvement to public transport in the country. Finally, in regard to business rules such as tender-allocation, she explained that the World Bank tries to push, whenever possible, for the implementation of international standards.

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