

Maintaining the momentum

INTERVIEW WITH BRUCE MAC MASTER

PRESIDENT OF THE NATIONAL BUSINESS ASSOCIATION OF COLOMBIA (ANDI)



BRUCE MAC MASTER is an economist from Los Andes University with over 20 years' experience in investment banking and issues related to social responsibility. He was one of the founding partners of Inverlink, the first investment bank created in Colombia in the mid-80s, and has been in charge of Colombia's most important transactions in infrastructure, transport and telecommunications. A noted philanthropist, Mr Mac Master is also a former Vice Minister of Finance and sits on the boards of a number of prominent foundations in Colombia.

How serious a blow, in your view, is the result of the October 2nd plebiscite to the Colombian economy and to the international business community's perception of the country?

It was an unexpected result for all Colombians, for both those who voted 'Yes' and those who voted 'No.' However, there has been a very positive response from different sectors, with regard to joining forces to reach a refined agreement, with the hope of building a better future.

All this helped achieve what most Colombians had long expected from their politicians: a successful meeting between President Santos and former Presidents Pastrana and Uribe, a commission appointed to mediate on the issues about which the 'No' supporters are still reluctant, and finally, the grand announcement of the Nobel Peace Prize awarded to President Juan Manuel Santos.

On Monday, October 11th, a group of about 400 businessmen proposed a pact for Colombia "in order to appeal to the 'Yes' and 'No' representatives and to the FARC, to advance the rule of reason, national interest, responsible and committed effort, lay aside individual interests, and work tirelessly towards a prompt and determined solution for a definitive, inclusive, and

sustainable accord under the framework of a national pact, leading to the unity of the nation."

We believe that such recent developments have set the stage for a potentially stronger country.

What lessons can be learned from the outcome, and what positive aspects do you see emerging from the experience in the longer term?

As soon as we received news of the outcome, we launched a call saying that the time had come for our country to take on greater accountability and maturity regarding the challenges ahead.

Enormous progress has been made and we have accomplished more than ever before in terms of reaching a peace agreement. A unique and valuable opportunity stands before us. Having already achieved the will for an agreement with a public enemy of the last half century, a clearly expressed desire for demobilisation of the FARC, their reintegration into civilian life, and the establishment of a political party, means unprecedented advancement for Colombia.

Some of our sectors have certain observations which may be adjusted through flexibility and reasoning between all parties. From the peace perspective,



A safe pair of hands: Bruce Mac Master greets President Juan Manuel Santos during a visit to ANDI's offices in Bogotá

we must seize this chance and transition towards a convergence of national interests and common goals.

What action would you like to see from the government in the short term, to calm investor sentiment and maintain economic stability? What can the private sector do to support and facilitate this?

Different analysts agree that we must all work together towards the common objective, which includes macroeconomic stability and fiscal stability in particular.

The dream of peace in our country remains strong in the minds and hearts of all Colombians. Entrepreneurs and markets share this same desire, hence I cannot see why we would risk losing ground on the economy and other issues.

Our greatest question is what will happen next. Considering that a great opportunity is within our grasp, along with huge responsibility for maintaining economic stability (i.e. a tax reform has been filed in order to ensure the competitiveness of the private sector and State funding). A deeper structural tax reform must be employed, as we have envisioned.

The business community was broadly supportive of the original agreement reached between the government and the FARC, although it did express concern about areas of the agreement, such as land reform, substitution of illicit crops, and the funding of the post-conflict generally. What changes or clarifications would you particularly like to see incorporated into a renegotiated agreement?

At the outset of the peace negotiations, ANDI and Proantioquia took on the task of responsibly including the business sector which we represent in this peace process which is crucial for Colombia.

With the technical assistance of the EAFIT University, we carried out a rigorous study on the progress of the process and agreements. The results were shared with the government and its representatives at the negotiating table, in the hope that it would become a tool to strengthen the process itself and ensure best decision-making for the country.

As a result we published a document called “Building sustainable peace: analysis and reflections from the business sector.”

Among our recommendations, we proposed that in order to transform the rural conditions of our country, a permanent subsidy policy is detrimental. Instead, we must on focus on building a family- and a farmer-based economy assisted by agribusiness. Additionally, we targeted the post-conflict scenario by recommending institutional development and designs, along with mechanisms for coordination, monitoring,

and evaluation of the implementation and financing agreements in Havana, Cuba.

Uncertainty is the enemy of investment. What kind of ‘policy roadmap’ would you like to see put in place to encourage investment between now and an eventual agreement?

The roadmap has already been set in motion by the events since the plebiscite. The main focus must be on reaching a consensus as soon as possible. This is the best message we as a country can give the world and the financial markets.

What provisions would you like to see incorporated into the Government’s forthcoming tax reform to address the new reality?

The reform required today should be “structural” and should increase tax collection to offset falling oil revenues, and allow for post-conflict funding and social investment.

From a competitiveness perspective, reform must allow Colombia to eradicate some significant distortions that exist between Colombia and some of our partners in the Pacific Alliance and OECD. ANDI’s research shows that Colombian entrepreneurs today pay some of the highest tax rate in the world. This has to be addressed in the tax reform recently filed.

The reform we propose is truly “structural.” One should think on the long term, to create the conditions for the country to handle the productive apparatus, drive its growth, and address the myriad of social challenges that lie ahead.

From the peace perspective, we must seize this chance and transition towards a convergence of national interests and common goals

He’s behind you: President Santos addresses a recent ANDI symposium

