

Interview with Mr. Danilo Astori, Vice President of Uruguay

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IN FOCUS (IF): To start with, we would like to talk about your political career. You have been Dean of the Faculty of Economics, Senator, Founder of the Asamblea Uruguay (within the Frente Amplio (FA) party), Minister of Finance and now you are Vice President. Where does this passion come from, this love of politics?

Danilo Astori (DA): This has all been brewing since my dedication to economics when I was teaching and researching it. I was fortunate to do a lot of that in Uruguay, and in many countries of the world, particularly Latin America. I did my masters at the Economic Commission for Latin America and the Caribbean (CEPAL) in Santiago de Chile, and then got a job there. CEPAL is part of the United Nations so I toured Latin American countries giving classes.

The study, teaching and research in economics and social discipline required is so close to politics, particularly economic policy, it started to awaken a political vocation in me. Teaching communication is very close to political communication, so after my second period as Dean in the late 1980s, I began to devote time to party politics. My first attempt was as a candidate for the Senate and the Vice Presidency within the FA. We did not win in that election, but I was elected Senator. That was 22 years ago and it grew from there. It was my dedication to economics that carried me through.

IF: Did you have support from your family?

DA: Oh, yes. Without that you cannot be in any activity that is demanding and requires a lot of dedication.

IF: During your time as Minister of Finance, the country's economic growth was 9% a year which speaks very well for Uruguay.



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DA: Yes, we had very high rates of growth at that time.

IF: How would you rate Uruguay's socioeconomic status?

DA: It is good. First, the investment rate has doubled. Historically, Uruguay performed badly in this area, with rates at 10% of GDP, but today we are at 20%. This is still not enough and we must continue to increase the rate, but I think it's one of the biggest changes we've had in years.

Secondly, the reduction of poverty has been really important. When we first came to power in 2005, Uruguay had almost 40 poverty indicators in relation to the total population. Seven years later, it is less than 14, so there has been a really significant reduction in homelessness and poverty.

Thirdly, there is the huge potential the country offers for investment opportunities. We have many infrastructural requirements and that opens a lot of new possibilities. When I highlighted the increased investment rate, I



was referring to a set of public and private investments that have much to do with the growth that Uruguay has enjoyed over the years. Now, I am talking about investments that have come about because we have grown. Transport, communications, port services, energy—these are the four major groups of investment opportunities to be encouraged.

IF: So those four are the government's priorities?

DA: They are undisputed priorities in this area, so we are interested in countries like China that have the capacity to invest in these important areas of the economy. In infrastructure, for example, we would very much like China to participate in the construction of a major deep-water port that we are planning in the southeast of the country. China could also participate in rebuilding the railway infrastructure, another big investment that our country needs. There is also a need to invest in the ports system in general, not just the deep-water port. These are just some examples.

IF: Does the political opposition support this?

DA: In the everyday crossfire, the opposition is obviously trying to position itself electorally and make a little war on the government. But these big issues, like the deep-water port or the re-gasification plant, are going to improve the energy situation and are undisputed requirements. I think that ultimately Uruguay will have a united stance on this. The opposition wants to defeat us, but would not be opposed to these investments.

Uruguay is developing a large-sized mining sector for the first time in its history. This obviously necessitates a deep-water port because we have large deposits of iron that will need to be channelled through it. The plans were prepared and signed up to by all political parties. With large projects such as this, projects that are

unquestionably necessary and convenient for Uruguay, it is difficult to have political division. Private investors from China are therefore more likely to participate in an investment of this type.

IF: There is a country brand being developed and a few months ago, Monocle magazine described President Mujica as "the best ever." This is the basis of national pride. What position do you think Uruguay occupies in the world today?

DA: I think Uruguay has been steadily improving its presence and its image, and has worked hard for this recognition. During President Vázquez's last term, when I was Minister of Economy and Finance, we visited nearly 40 countries in five years. We spent time exploring the world and promoting Uruguay. In that time, President Vázquez went to China and we undertook important missions to Korea and India, which are also very important for Uruguay. In a month's time, I am going to Singapore and Vietnam. Uruguay devotes time to and prioritizes its global presence.

President Mujica has been in Europe recently visiting Germany, Norway and Spain and next year he will probably travel to the U. S. He has already made contact with President Obama in Colombia at a meeting in Cartagena de Indias. So he has devoted time to make Uruguay open to the world, to say how we are doing and what opportunities we have.

Uruguay is well respected in terms of the values upheld in the international arena, namely: peace, dialogue, the peaceful resolution of disputes, the non-interference in the affairs of other countries, the fight against any use of force and the intense promotion of disarmament. Uruguay has played a prominent role in multilateral forums, in particular the UN. Today we are chairing the Human Rights Commission of the UN; we are harnessing

the support of major countries including China, to a non-permanent Security Council of the UN. We coincide with important countries in the international political line, one of which is China. And that gives Uruguay recognition and prestige. We have had major holdings in United Nations' peacekeeping missions. Today we are involved in three or four peacekeeping missions with a significant number of troops.

Another factor that I think has played a major role has been respect for the rules of the game economically speaking, and having an important set of incentives for investment—incentives that mean that investors coming from abroad receive the same treatment as domestic investors. We offer attractive stimulation, particularly in fiscal matters, which has brought in a lot of investment from abroad. We have already discussed the attractive investment rate, but I should add that foreign investment in relation to GDP has grown steadily. Sometimes along with Chile, sometimes in second place to Chile, Uruguay is the country in the region that has attracted more foreign investment in relation to GDP in recent years. What those foreign investors have found is a country that not only performs well, but is thinking long term, and that stability gives an investor peace of mind.

IF: Since the beginning of diplomatic activities with China, which marks 25 years next year, many agreements have been signed and many visits made. How would you rate the Uruguay-China relationship?

DA: It is very good, and has seen rapid development and substantial growth especially in the last seven years. I say in the last seven years because these are the years that we have been in government and we have direct experience. The number of meetings between the authorities and direct encounters during this time has been impressive and the results are also impressive.

China is our second largest trading partner. It invests in infrastructure, and also has a major stake in the automotive industry. There are three manufacturing plants of Chinese origin here, and all of this makes China's presence in Uruguay quite significant. When

I went to China in 2010, I was told they were very interested devoting more attention to Latin America's foreign policy.

IF: That attention is obviously being reciprocated. Last June when the Prime Minister of China visited, you are recorded as saying: "Relations with China are a matter of working and studying concrete possibilities because there is mutual interest."

DA: Certainly, for us this is completely essential. Uruguay today is well positioned in the face of the international crisis and the uncertainty that comes from the U.S. and Europe. We owe it to many factors, but mainly to the balance and regulation that China has brought to the world. Without that, our current position would not be as good as it is.

IF: I have another famous quote from you that says: "Reality is changed by doing politics, and in the literal sense of the word is defending objectives, choosing instruments and acting collectively." What would you like this government's legacy to be?

DA: A country that has equal rights and opportunities within the context of freedom, democracy, participation and prosperity.

IF: I would like to know more about your views of the relationship or duties as Vice President and the various ministries with which you work.

DA: I actually have to mention several. The Treasury certainly, in a country that claims to be open. The ministries of production certainly: Agriculture and Industry. We are exporters of meat and soy and both go to China. In fact, China is the main recipient of our soybeans.

Uruguay is also a major exporter of services. Tourism is our main export and is more important than real estate. The ministry responsible for infrastructural investment, Ministry of Transport and Public Works, is also very important because of the ports.