

Remarks and a Question-and-Answer Session at INCAE Business School's Central American Forum on Sustainable Economic Development in San Jose, Costa Rica

May 4, 2013

President Obama. Well, thank you so much, Mr. Condo. And once again, I want to thank President Chinchilla and all the people of Costa Rica for their incredible hospitality. I've already been scouting out where I'm going to stay when I come back here for vacation. [Laughter] But unfortunately, I'm going to have to leave after this forum.

But Arturo and I were discussing backstage the fact that INCAE, which has such a wonderful reputation throughout the region—I know we have two former alumni who now are Presidents of Panama and Guatemala, respectively—that the origination of this idea was when President Kennedy visited 50 years ago and, I think, recognized at that time the enormous potential for the private sector as a critical ingredient in progress and development for the hemisphere as a whole; that when you combined good government with a thriving free market, then that was an extraordinary recipe for opportunity for all people.

And for me to be able to visit 50 years later and to see how much progress has been made both in the region and in the ties between the United States and Central America, I think, indicates that President Kennedy's vision was sound, and it also speaks to, I think, the importance of us continuing to build these kinds of networks and relationships for the future.

I've been interviewed several times during the course of my travels both in Mexico and Central America, and I've emphasized that, although I understand why there's been a great focus over the last several years on security issues—security is important; it's very hard to create a strong economy when people are personally feeling insecure. There's been a lot of emphasis on immigration, and I understand why that is. Obviously, it's of great importance to this region and to the United States. We shouldn't lose sight of the critical importance of trade and commerce and business to the

prospects both for Costa Rica, the United States, and the entire hemisphere.

The United States considers our trading relationships with CAFTA countries, with Mexico, to be of enormous importance. When you look at the scale of business that's being done currently, it's creating jobs in the United States, it's creating jobs here. And what we want to do is to find ways that we can continue to enhance that relationship, how we can get ideas from this region and find ways in which we can improve and foster small-business development, medium-sized business development, make this entire region more competitive.

Because, as I said to the leaders of SICA yesterday, we now live in a very competitive 21st-century world, and if we do not have effective integration in our hemisphere, if we don't have the best education systems, the best regulatory systems, if we don't coordinate our activities, then we're going to fall behind other regions of the world. And given the talents that I've seen on display and that are evident here, I'm confident that we can compete as long as we're cooperating effectively.

So again, I want to thank President Chinchilla for the great hospitality. I want to congratulate INCAE for its wonderful history. And I look forward to taking a few questions, and maybe I'll hear some ideas in this meeting.

INCAE Business School President Arturo Condo. Absolutely. And thanks a lot for your words.

[At this point, Mr. Condo made brief remarks, concluding as follows.]

Finally, let me borrow your words, President Obama. Thinking and working for a truly integrated Central America is our "audacity of hope." The United States is literally a union of 50 countries, working together as one. We can dream of Central America as one single mar-

ket, as one single energy system, one single society. We will be bold in working to make that a reality.

Well, thank you very much.

And with that briefing, I would like to open—we have some time for questions and answers. And I would like to take some questions for what is a historic opportunity. Can you please identify yourself and state your question?

Q. [*Inaudible*]

Mr. Condo. Can you—Alberto, can you wait until we get the microphone close?

Border Security and Efficiency

Q. Good morning. Alberto Aleman, former—[*inaudible*—both freight and security. Our borders are slow and impede the development and impact of freedom of commerce, creating fewer product options and higher prices for our consumers in the U.S.A. The U.S. appears to have made tremendous advances in maintaining and improving speed, while also ensure security on its land border. What has been the most valuable for the U.S. in advancing safe and efficient border policy? And what will the U.S. recommend to the Central American countries to move towards a safe and efficient borders that we need?

President Obama. Well, there's no doubt that we've made progress. More progress needs to be made in improving border security and facilitating speed and efficiency when it comes to trade and commerce.

And those two things go hand in hand. Both in the United States and on the other side of the border in Mexico, as well as our northern border with Canada, a lot of the press focus is on security and immigration. But one of the arguments that we've made in pursuit of comprehensive immigration reform is that you can't separate out the dangers or challenges or concerns of a border from the enormous opportunities that a well-managed, well-regulated border represents.

And so my administration's focus has been, number one, let's make sure that we've got a sound system of immigration, customs, and a regulatory environment, in cooperation with

Canada and Mexico, that as much as possible eases the flow of goods and people and services that are legitimate.

So, for example, in the North America Leadership Summit that I have with the Mexican President and the Canadian President, a lot of our work centers around how can we continue to find ways to synchronize existing regulations so that we can speed up the movement of goods and services. Are there ways in which there are regular, frequent trading practices that are going on between the countries, where we essentially are able to put them on a fast lane, as opposed to the more typical travel for tourists or sporadic visitors? And so that regulatory coordination, I think, is number one.

Number two is infrastructure. The fact of the matter is, is that we have massive borders both to the south and to the north, and in order for us to make sure that we're facilitating trade and commerce, we've got to have the best infrastructure, the best portals through which people can go in a efficient, effective, and systematic way that still allows for us to preserve our security and screen out those problematic elements that might cross our borders.

And one of the things that I've been talking to President Peña Nieto about on our southern border is, are there ways that we can do more joint infrastructure investment at a time when all countries—not just the United States and Mexico, but I'm sure Costa Rica and Guatemala and Panama—we're always trying to find money somewhere. And when it comes to the border, they're shared. Are there ways in which we can share some of the costs for continual infrastructure upgrades?

But the bottom line is, it's both the hardware—the infrastructure—but also the software—the regulation—that's going to make sure that you've got an effective border system.

Comprehensive immigration reform—that I'm hopeful we can pass this year, after 30 years—can make an enormous difference in improving what is already a system that's better than it was.

But I want to echo what Arturo said about the Central American countries. And this is not

unique, by the way, to Central America. You see this in other parts of the world, like in Africa, for example. Sometimes, it's easier to transport goods from parts of Central America to the United States than it is from one Central American country to another. The same is true in parts of Africa, where it's easier to ship something to Europe than it is to the country right next door.

And to think about working with the Inter-American Development Bank, with the United States, with other partners, how do we build the kind of connectivity and emphasize internal integration and trade and markets, that's going to strengthen you. That will put you in a more effective position to compete in world markets, and it will allow you then to interface with Mexico and the United States and Colombia and other parts of the hemisphere. Because what I said to the SICA leaders yesterday was, the more integrated we are, the more effective we're going to compete internationally.

But that's going to require some investment. I just want to emphasize, it's not just building the road or the bridge or the port. It's also having the regulatory structures that make those work.

Mr. Condo. Thank you very much. Another question. Paula.

Early Childhood Education

Q. Good morning. My name is Paula Roberts. And I am a Central American from Costa Rica, and I am also an MBA student from INCAE. My question is in relation with early childhood support. There is strong consensus in Central America that has been validated by the IDB and INCAE that early childhood support is one of the best investments our countries can make. Yet we are still struggling, trying to provide primary and secondary education coverage to the entire population, and even this is pushing the boundaries of our budgets. So my question is, how can—or how should countries invest in this without sacrificing gains in other areas? Thank you.

President Obama. Well, I'll just say very briefly that all the science shows that effective,

high-quality early childhood education pays more dividends than almost anything else you can do educationally. Because if children get a good start, if they're read to and their vocabulary is expanding and they're taught their numbers and their colors and all the basic building blocks, then they're much more likely to succeed. And that's true in the United States; that's true here in Central America.

So the way we think about early childhood education is not just as an add-on to our overall education policy. What we're trying to argue in my administration is, this is part of our entire education strategy. It starts when the child is born, and increasingly, in this knowledge-based economy, it's going to continue even after people have graduated from college; they're going to have to continue learning.

You're right that paying for it is difficult and quality control is difficult. Good-quality early childhood education is not just babysitting. It's having trained professionals who know how to stimulate very young children to give them the preparation that they need, which means setting up training programs and making sure they're adequately paid.

And in terms of financing, in my State of the Union—because in the United States, by the way, we don't have the kind of early childhood education system that I think we should have. And when you compare what we do to some of the more advanced countries in the OECD, we're not where I want us to be. So what I did in the State of the Union was propose that we impose an additional Federal tax on cigarettes in order to pay for an expansion for high-quality, universal, early childhood education. You get the dual benefit of reducing smoking, which saves on our health care costs at the same time as we're able to improve early childhood education.

Now, whether we're going to be able to get that passed or not, I don't know. It's always a struggle to get new revenue for worthy endeavors, but there's no bigger bang for the buck that you can get than making this investment in early childhood education. So I'm going to keep on arguing for it forcefully.

[President Laura Chinchilla Miranda of Costa Rica made brief remarks.]

Mr. Condo. Thank you very much, Madam President. The youth, we have a businessman from the energy sector.

Alternative and Renewable Energy Sources and Technologies/Energy Infrastructure/Regional Integration

Q. Hello. Thank you. Hi. My name is Alejandro Brenes. I'm the founder of an energy company, Central American, a global shaper. Central America has significant renewable energy resources. Our economies are bashed by the volatility of oil energy prices, because our renewables take longer to put on line, also delays and local oppositions are taking us in a defaultist state that we're using more fossil fuel, taking us farther from our original goal of a more sustainable energy mix.

And on top of that, we have earthquakes and frequent severe weather that makes our electrical system vulnerable. Saying that, how can we accelerate investment in more sustainable energy? And what are the opportunities and possible role of the U.S. and U.S. companies to work with Central America and to advance in a more sustainable energy mix that the region needs and to reduce the volatility of our electrical system? Thank you.

President Obama. Well, I have to say that all of the SICA leaders that I met with yesterday emphasized this issue of energy. President Perez, President Martinelli, and President Chinchilla all focused on the fact that electricity costs here in Central America may cost three times as much as they do in Washington, DC, and that's a huge structural disadvantage for businesses and families in the region. So this is something you're going to have to fix.

Now, the good news is that you've already made enormous progress in renewable energies in ways that, in fact, are well in advance of what other parts of the world are doing. The fact that Costa Rica is already getting 90 percent of your energy from renewable sources is a great achievement, and it means that you've got technology and expertise and a tradition of

renewable energy in the region that you need to build on.

And what the United States can do, I think the most helpful thing we can do is work with you—because we have a common goal of creating more renewable energy sources—let's collaborate on research, technology. Let's network companies that are advancing new renewable energy strategies and see if we can have more joint ventures and projects. Because it's my view that if any of us find good answers to renewable energy, that will spread like wildfire, and everybody will ultimately benefit. It almost doesn't matter where the innovations occur, because they'll be readily transferable around the world.

What I also understand is, is that we're not going to immediately be able to transition off of traditional sources of energy—fossil fuels like oil and gas—and even Costa Rica, it's getting a lot of renewable energy, but it's still got to make up that difference, and that's going to be a transition for all countries over the next 20, 30 years.

And it's true that because of the extraordinary advances in technology that we've made in the United States, we are likely to be a net natural gas exporter as soon as 2020. And so one of the things that I've discussed with your Presidents is, how can we potentially use that as a bridging mechanism? I've got to make a decision—an executive decision broadly about whether or not we export liquefied natural gas at all. But I can assure you that once I make that decision, then factoring in how we can use that to facilitate lower costs in the hemisphere and in Central America will be on my agenda.

The last point—which Arturo mentioned, but I can't emphasize enough—whether you're talking about traditional energy sources, renewable energy, setting up structures and regulatory regimes for creating economies of scale and efficiencies are critical.

I was mentioning that in California, the utilities, when they produce energy during non-peak hours, they ship it across the border down to Mexico. When they have peak hours, they bring that energy back to California. And because of not only the technology, but also the

laws that are in place, that saves consumers money on both sides of the border.

And given the small size of many Central American countries, it's critical to create a regional market. And that's not just transmission lines. It's also having the rules in place that allow the free flow of energy back and forth.

People get nervous about that, because they're worried, well, Panama is going to steal my electricity, and then Costa Rica, I don't know, maybe they're going to poach some of our power. But the truth of the matter is, is that everybody stands to benefit.

And we'll work with the Inter-American Development Bank. We put forward—I think it was last year—maybe it was the year before, when we initiated Connect 2022—and so our goal is to use whatever convening power we have to network with the private sector as well as the public sector to find ways to enhance that integration. If you can solve this problem, it will free up resources for early childhood education, it will put money in the pockets of consumers, and the economic benefits will be extraordinary.

So we look forward to partnering with you on that issue.

[President Chinchilla made brief remarks.]

Education/Budgetary Priorities/Opportunities for Women and Girls

Mr. Condo. Let me take advantage of my position now. Let me ask you—both of you—a follow-up question to—on the early childhood point; we all agree it's critical. As you mentioned in—that what was called a *consulta* in San Jose in 2008, that was the top social investment that could have been made for Latin America in general: early childhood.

You mentioned, President Obama, it's hard for everyone to gather the fiscal resources to invest in these innovative, very valuable—socially valuable—programs. How do you go about, in both of your experiences, creating such social demand or social support for missions like that that imply greater resources and the need for greater resources?

President Obama. Well, first of all, at least in the United States, and I'm almost certain—I haven't looked at the polling, but I'm sure it's true in Central America—selling people on the importance of education is not difficult. People understand—even those who don't have an education understand—that in this economy, if we don't have a highly skilled, highly trained workforce, then we'll lose. And I think every parent has aspirations for their children to do even better than they did. And the only way that's going to happen is, is if they're getting an excellent education.

So I think generally, the issue is not going to be, will there be social demand. I think, number one, it's making sure that education reforms are in place so that we are using the money that we have as effectively as possible.

In the United States, what we found is, is that sometimes, money in schools are not well spent. And our schools—we've had public schools for a very long time, but many of them were designed back in the 1800s in a largely agricultural society; now the needs are different, and we've got to adapt. We also have new tools, like the use of technology and distance learning, that can reduce costs and improve outcomes.

We have to spend a lot of time focusing on teacher quality and training teachers so that they're up to speed on the best practices to improve learning.

And—but I think it is actually easy to get public support around education. What's harder is to, A, make sure that the money is well spent, and B, recognize that, as is true for businesses, it's also true for governments, you have to prioritize, and you have to decide, all right, if we're going to spend more money on early education, then we're going to have to either increase revenue through taxation or we're going to have to stop doing some other things that are less important. And that's part of what democracy is about, is having that debate.

But one last point I want to make about education: A lot of studies have shown that the single best indicator of a country's development and advancement is how does it treat its girls. If you are not educating half the population, if

you're not using all the opportunities—or providing opportunities for all the girls in your country, you will fall behind. And it's been said before, the advantage of when you're giving a good education to girls is you're also going to be educating the children of the moms.

And so making sure that social equity and gender equity is built into our education agenda—especially around things like math and science and engineering, where traditionally, a lot of times, young girls are discouraged because it's viewed somehow as not their subjects—that's something that we're spending a lot of time on. And we'd be happy to collaborate with SICA and other organizations to find ways that we can make sure that we're encouraging young women are getting the exact same opportunities as young men are getting.

Mr. Condo. Thank you. Well, we need to wrap up due to our short time constraints. But I'd like to hear from President Chinchilla first and then President Obama maybe some closing remarks and parting words.

[*President Chinchilla made brief remarks.*]

President Obama. Well, again, I just want to thank this wonderful institution and the people of Costa Rica, as well as President Chinchilla, for giving me this wonderful opportunity to interact with outstanding business leaders and civil society leaders.

The main message that I have is that the United States recognizes, our fates are tied up with your success. We want to be a partner. I've said this before—and I will repeat—we don't think there are senior partners or junior partners in that partnership. I think it's a partnership based on equality and mutual respect and mutual interest. If you are doing well, we

will do better. And if we're doing well, we think your situation improves.

And so, through all the various forums that we have, let's continue to build. And let's recognize that in this global economy that we now live in that for us to be successful, we're going to have to further integrate, and it's—we're going to have to use not just the powers of governments—government-to-government relations—it's going to be people to people, business to business. It's going to be networks. It's going to be private sector, public sector, non-for-profits all working together around common goals.

And I think this forum is an extraordinary opportunity to build on the talents of a lot of people from a lot of sectors around the region. We look forward to working with you. We look forward to partnering with you. And I have to say, this visit has made me extraordinarily optimistic about not just the future of the United States and the future of Central America, but the entire hemisphere.

So thank you very much.

NOTE: The President spoke at 10:58 a.m. at the Old Customs House. In his remarks, he referred to Arturo Condo, president, Instituto Centroamericano de Administración de Empresas (INCAE); President Ricardo Berrocal Martinelli of Panama; President Otto Fernando Perez Molina of Guatemala; President Enrique Peña Nieto of Mexico; and Prime Minister Stephen J. Harper of Canada. He also referred to the Central American Integration System (SICA). A participant referred to the Inter-American Development Bank (IDB). President Chinchilla spoke in Spanish, and her remarks were translated by an interpreter, but no transcript was provided.

Statement on the Observance of Orthodox Easter May 4, 2013

This weekend, Michelle and I extend our best wishes to members of the Orthodox Christian community here in America and around the world as they observe Holy Friday and the Feast of the Resurrection.

For millions of Orthodox Christians, this is a joyful time. But it's also a reminder of the sacrifice Christ made so that we might have eternal life. His decision to choose love in the face of hate, hope in the face of despair, is an