

CHILE

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*SIXTIETH SESSION
OF THE UNITED NATIONS GENERAL ASSEMBLY*

*ADDRESS OF THE PRESIDENT
OF THE REPUBLIC OF CHILE
H.E. MR. RICARDO LAGOS
AT THE HIGH-LEVEL MEETING ON
FINANCING FOR DEVELOPMENT*

New York, 14 September 2005

Mr. President,

After conveying my greetings to you, I should like to make four preliminary comments.

Firstly, development is a prerequisite for building international security on solid and durable foundations. There will be no sustainable security and no full observance of human rights unless all the basic needs of the population of the developing world can be met.

Secondly, in Latin America we see development as a shared global obligation, involving responsibilities for both developing and developed States. The main responsibility lies with each country, but major and urgent decisions are also required of the global level.

Thirdly, in the light of the indisputable figures concerning increased poverty, major shortcomings and lack of development afflicting millions of people, we must display maximum imagination and political will to generate new resources.

Fourthly, when we speak of financing for development, we should refer not only to official assistance and cooperation between States but also to private financing. It is important to formulate rules so that private financing does not perform only in a cyclical fashion, as it has to date.

The task facing us is not an easy one. The United Nations proposal to double official assistance from \$50 billion to \$100 billion is not sure to be implemented. The Monterrey Conference on Financing for Development set the guidelines for advancing towards this goal, but progress is proving very slow.

Today as never before, we know that the main answer lies in public policy development. And here each country will be measured by what it does, by the transparency it displays and by the results it achieves.

But domestic efforts must be backed by international support. This should be provided at two levels with clear distinctions.

On the one hand, assistance to the poorest. This must continue, and with specific rules. If there are doubts about use of the resources, management must be improved. If greater accountability is required, let us impose it so that there can be trust and transparency. There is an urgent need for serious compliance with the 0.7 per cent commitment for the rich countries' contribution to the development of the countries that lag behind. More than 30 years have passed and this goal is not being attained.

Now is not the time for excuses. It is the time to make the developed countries do their job: giving. In the same way as the poorest countries must be made to do theirs: demonstrating. Demonstrating that resources were well used and that definite progress is being made.

On the other hand, there is the situation of a significant number of countries whose main goal is to achieve access to markets. Chile is one of them. Although we are doing our job and keeping the house in order, although we can say that we have embraced the Good Governance model endorsed in Monterrey, when we go out into the world we are confronted with barriers obstructing our growth.

The clearest example is anti-dumping, a ploy used whenever a country begins to succeed in competing with specific products. Anti-dumping is a unilaterally applied tool that affects our growth and, as a result, undermines our ability to trigger greater social development. And we are well aware that one third of the anti-dumping measures were instituted by three countries.

This area of international trade also encompasses the topic of agricultural subsidies. These huge subsidies have set up barriers that affect all developing countries, but especially the poorest ones.

It is essential to improve the disciplines and the rules of international trade within the framework of WTO, so that the developing countries can take advantage of the opportunities of international trade and fuel their potential growth.

If trade barriers were lifted, the developing countries would generate potential profits of \$130 billion, more than double the \$50 billion needed to achieve the Millennium Development Goals. Hence the importance of the Doha Round.

Mr. President,

The challenges that we are facing call for action. This is why we have participated, from the beginning, in the Initiative Against Hunger and Poverty, engaging in coordinated action with the other members of the Working Group (Algeria, Brazil, France, Germany and Spain) to advance in the implementation of a series of options involving innovative mechanisms for development financing. The arrangements agreed in this context can be not only emulated but also, hopefully, improved in other parallel initiatives.

In this context, we have decided to give our full support to the pilot project for an air ticket levy and have made a start at home. Starting on 1 January 2006, all international flights from Chile will be subject to a surcharge of \$2, which will be used *as a* contribution to this initiative.

In addition, Chile has proposed that a study should be made of the impact of Special Drawing Rights, with a view to eliminating the instability and financial imbalances that are overwhelming the developing world. We believe that this may be a good way of releasing additional resources. The amendment to allow the International Monetary Fund to issue Special Drawing Rights was adopted in 1997 and is currently supported by 133 countries representing 77.3 per cent of the voting power in IMF.

Today we reiterate our appeal for a political effort, in the light of current international circumstances, to take the decisions that will make it possible to achieve the necessary 85 percent to complete the approval process and resume the issue of Special Drawing Rights.

There are many countries that view fair and balanced globalization as a great opportunity to emerge from poverty and under-development. Of course, each country will have to do its own job and promote a short-term and long-term agenda to combat inequalities. But the job will not be easy and will not be accomplished as long as asymmetries remain in the world.

The key is to understand that, if we want to advance towards the consolidation of democracy in the world, it is essential to solve the problem of inequality. And we have the tools to do so.

Thank you.