

**NOTES FOR THE SPEECH OF H.E. THE PRESIDENT OF
THE REPUBLIC, RICARDO LAGOS, AT THE ROUND
TABLE IN THE LOWY INSTITUTE**

“Chile in today’s political and economic context, specially regarding
Chile’s involvement in the Asia-Pacific region.”

Sydney, July 15, 2005

Vocativos

Chile is a rather small country that stretches 4,500 kilometres along the shores of the Pacific Ocean. This is what has given the country its shape. Today, Chile is a nation open to the rest of the world, as the best way to grow and have a better future for our citizens.

- Future of Multilateral Trading System
- Climate Change & Security.

Our Foreign Policy

Four main goals motivate Chile's foreign policy:

- Achieving a greater space for our country in the world of the twenty-first century;
- Contributing to the creation of a more balanced world with fair rules;
- Ensuring that human beings are at the centre of the globalisation process, creating new opportunities and building new relations;
- Setting cultural diversity as the standard for measuring wealth in the shared tasks of this planet.

In recent years, Chile has achieved important progress in its trade with the different regions of the world. However, during the same period, our political vision and our values as a country undergo the stress of international tensions. We have promoted peace, and we have done so with all our heart.

There is a growing contradiction between two trends of today's world: globalisation and multi-lateralism. While globalisation is gaining force, the latter is weakening. And we are concerned about this weakening of multi-lateralism that can be noticed in almost all aspects of the global agenda. Collective action is needed to reverse this trend.

Multilateralism is a national task in this global world. If we fail to understand that multilateralism is part of the domestic policy, we will be blinded to the logic of the contemporary world.

In 1945, the world could organise the United Nations and a multilateral system, with rules that would settle disputes and permit progress.

But what is happening today? Are we going to have policies to make the so-called public goods, such as the environment, international justice, human rights, the fight against poverty, hunger, and world epidemics more widespread and available?

How are we going to foster cultural diversity, human knowledge, and the use of common good? How far are we going to go in setting the rules that regulate international economic transactions, the world macroeconomics, and financial stability?

In other words, if we are looking for social cohesion as an essential ingredient of our countries, how much global social cohesion are we going to have in a multilateral system?

This debate is hardly beginning. But we are convinced that it is our duty to move in this direction. Chile will not evade this task, as it is essential to our future.

In an increasingly globalised world, all regions are developing effective and appropriate mechanisms for participating in international dialogue.

We need to bear this in mind when devising new types of domestic and global public policies.

Chile knows that changes taking place in the world are inevitable and, for that reason, we are committed to the process of reform initiated in the United Nations. We are convinced that this reform is both necessary and urgent in streamlining the international order created 60 years ago.

Our Mental Map

Chile's immediate neighbourhood is South America but when asked about what we read, sing, talk about, or admire as an essential part of our roots, our answer is that we are part of the vast Latin American and Caribbean identity.

By geography we are in the same hemisphere as the world's largest power, and the mighty immensity of Canada. But if we want to understand the origin of many of our principles and values, we have to look to Europe.

That is why we invested so much energy in entering into our Trade Agreement with the European Union. This is not just the framework for free trade, but also the basis for the political, scientific and cultural co-operation that fully in force between our country and the expanded European Union.

The Asia-Pacific Region

The new global scenario that is gradually being drawn drove us to APEC, the Asia-Pacific Economic Cooperation Forum.

In 2004, the APEC Leaders' Meeting was held in Chile. This event help consolidate the bond between our country and the Asia-Pacific region.

During the Meeting, there was not just a discussion about the need to conclude the Doha Round by favouring development, but we also discussed about terrorism and its horrible consequences.

We have asked the main APEC economies to ratify and implement or - as the case may be- to agree on the ratification of universal conventions against terrorism.

We also renewed APEC's agreement to comply with the new standards of the International Maritime Organization on vessels and port security; on business movement, including the development of a regional alert system; on co-operation for preventing trade of hazardous or toxic substances contained in food; and on the strengthening of the public health system in the face of regional threats.

And we are beginning to count on neighbour countries such as Australia and New Zealand, that once seemed like distant strangers to us.

In the world of today, distance is ever less important. What matters is a country's political situation, its development, its way of being.

- The Asia-Pacific region is becoming the driving force of the international economy. By the end of last year, it accounted for 49.9 % of the world exports, and 57.5% of the world imports.
- India, China and Japan are global powers today. China will be the world's third largest economy five years from now.
- Chile is leading Latin America's insertion into Asian markets, which account for 36% of our exports.
- Three of Chile's five most important trading partners are in Asia: Japan (2nd), China (3rd), South Korea (5th).

Trade Agreements in force

Chile-South Korea FTA

Effective since April 1, 2004 this trade agreement was the first agreement ever entered into between an Asian and a non-Asian economy. It encompasses trade in goods, services, and investment. Bilateral trade in goods increased by 61%, in the first ten months after enforcing the trade agreement.

Trans-Pacific Strategic Economic Partnership Agreement

This Agreement brings together Chile, New Zealand, Singapore and Brunei Darussalam.

It is not only about tariff issues, but it is also a strategic partnership that goes beyond the scope of trade. It will allow trade to develop and increase, and will also permit increasing exports to third countries, through joint initiatives in investment, technology and distribution. It is expected to come into force in early 2006, after the ratification process is completed in each country.

Trade Agreements Being Negotiated

Chile-China FTA

The Third Round of Negotiations on the proposed Chile-China Free Trade Agreement took place recently. The focus is on liberalising trade in goods, in this first stage of negotiations, while issues such as trade in services and investment will be discussed in a second stage.

Chile-India Partial Scope Trade Agreement

The Second Round of Negotiations took place in New Delhi in mid-June. The Agreement will be reduced to a limited number of products. The two countries have reached an Agreement on the Terms of Reference for a Joint Feasibility Study for a Free Trade Agreement (FTA).

Chile-Japan Feasibility Study

The third meeting of the Joint Chile-Japan Study Group will be held in July 2005. The feasibility and scope of a Free Trade Agreement between the two countries will be discussed during this meeting.

Promotion, Business Committees, Trade Missions

- Representation in 13 cities in the Asia-Pacific region: Sydney, Seoul, Manila, New Delhi, Jakarta, Tokyo, Wellington, Beijing, Hong Kong, Shanghai, Taipei, Singapore and Bangkok
- Business committees with South Korea, China (created recently), Japan and India
- Coordination with the private sector through the Chilean Manufacturers' Association (SOFOFA)
- Business visits together with sector ministers, or as part of presidential visits
- Organization and participation in trade fairs

- ✓ We are interested in increasing and diversifying trade with Asia and in driving Latin America's insertion in the Asia-Pacific region.
- ✓ At the same time, Chile offers advantages as an investment platform for developing business in Latin America, and can be a bridge between South America and Asia-Pacific.
- ✓ Our interests extend beyond trade, and include cooperation for economic development: the incorporation of small and medium-size enterprises (SMEs), infrastructure, mining, technology and associative ventures.

Australia

Relations between Chile and Australia are close and very solid.

This is reflected, for example, in similar positions held in the main international forums, such as APEC, the WTO, the Cairns Group, the United Nations, and a rich programme of high-level visits and technical missions of different types.

During this visit, we have sought to address issues on the international agenda, on which Chile and Australia have, or can reach, important points of agreement, such as the Promotion of, Respect for and Strengthening of Human Rights and Fundamental Liberties; the Promotion and Consolidation of Democracy and Best Government Practices; the Fight against Corruption; Democratic Governance; Working for the International Financial System; Progress on the Doha Round; United Nations Reform; the Antarctic, International Peace and Security; Disarmament; a Nuclear-Free Zone in the Korean Peninsula; Peacekeeping Operations; the Struggle against Terrorism, and other issues that reflect our shared positions.

As regards foreign investment, Australia is the fifth largest investor in Chile and, in the first quarter of 2005, it was the most important investor. Investment, particularly in mining, has been important in reinforcing bilateral relations. The opportunities for increased investment in Chile continue to be very attractive.

Australia and Chile share common interests in mining, fishing, and agriculture. Although bilateral trade is not significant, due to similarities in the production and exports of both countries (they are competing economies), a smooth political contact is necessary so we may overcome some restrictions that currently affect our exports of fresh products to this market.

With respect to the APEC, it is important to bear in mind that Australia will host the forum in 2007. Given the success – both in terms of content and organisation - of the APEC 2004 Summit held in Chile, the Australian government expressed recognition of this success, and asked Chile to advise on the organisation of APEC 2007. This provides a fairly specific and innovative opportunity for collaboration.

We should also point out the existence of the Australia-Chile Bilateral Trade and Investment Commission, a ministerial-level body that could prepare the ground for the future negotiation of a Free Trade Agreement.

In a similar area, the idea of creating a regional organisation to control fishing in the high seas of the South Pacific, put forward initially by Australia and New Zealand, is viewed with great interest by Chile, which is willing to explore the possibility of forming part of this body.

Finally, but not less importantly, we should consider the large number of Chileans living in Australia (an estimated 40,000 persons). Although most of them have chosen to take Australian nationality, the community continues to feel very close to Chile, maintaining the traditions and values of their home country in a land that gave them a generous welcome.

Final considerations

In a fascinating book about the invisible pathways that cross Australia -the ancient pathways of songs that allowed the first Australians to connect places and memories- Bruce Chatwin wrote, ***“I have a vision of the Songlines stretching across the continents and ages: that wherever men have trodden they have left a trail of song”***

In a century that has compressed distance and time, shared goals and values will determine the songs of men, the shape of new maps, both real and virtual. In that process, those who seek a world that is more caring, just, and more equitable, will work together and come closer.

That is why we are here, working side by side with Australia.

Thank you very much.

1) Prof. Bon.

2) Caudes prioridades para Acreditados? (17)

3) G20 sobre internacional financing.

4) Rules? Civil poro Palite
Som varias: Economic

China - USA - Next generation

→ Rules, FTA, - Encourage business

5)

6) Business aspects of flight. - Taxation