

## **APEC Ministerial Meeting**

Singapore, May 1, 2004

Mr. Ambassador, Dear Ministers, Mr. Ambassador,

I am honored here to work for the continuity of APEC. Let me tell you that I am extremely happy to be able to share with you a few moments in this official visit to Singapore this morning. We wanted to be here this morning just to underline how important it is for us in Chile to be receiving all the other 20 countries members' economies of the APEC Community. Chile believes that this strong partnership is going to be essential if we are going to be able to achieve our Bogor goals established in 1994. Indeed, this is a year of celebration for Chile, the fact that we can receive all of you down in our country, as the Ambassador has just mentioned. We are excited to have the idea that the motive of this conference should be one community, our future. We wanted to underline the cultural, social, political and different developments that exist among the different economies. Nevertheless, the Pacific Basin is just one community where everybody is committed to particular goals. And therefore, through that community, it is possible to build a better future for all of us.

And this is the reason, then, I decided, that the members of some other areas should be taken into account in this year, ten years afterward. First, how are we going to make a further commitment to development, through trade and investment? Economic integration is crucial for the future prosperity of the APEC economies. How are we going to look forward, in order to have a commitment to development, to trade, and to what extent, in addition to trade, we have to promote investment in each other's countries. In our case, five APEC members' economies have already finalized trade agreements with Chile. It represents, for us, an important asset, because we are transforming Chile in this way into one of the most open economies all over the world. In other words, few countries can claim that within the 21 economies, with five of them we already have this trade agreement. So the commitment that we have to development, through trade, and investment, is a real one.

The other thing that we would like to address is how we are going to be able to share the benefits of growth using better practices. How are we going to protect our communities from the threat of terrorism, which now is crucial if we want to

safeguard sustained economic growth and stability. This is the reason why the second conference on security matters was held in Chile, in Viña del Mar, last March. And this was why it was so important, then, to understand that fair trade practices are essential in order to share the benefits of growth. The third area is skills for the coming challenges, which we'd point out in the area of communication. If anything has been accomplished during this visit to Singapore, it has been the need to better understand how you here in Singapore have been able to produce tremendous development, through growth. But in the long run, you have also made investments in human resources. And therefore, affordable educational opportunities for everybody, discovering new talent, providing people with enough skills, are all going to be essential if we are to have bigger rates of growth and a more equitable society in the future. This is why the Ministers of Education Conference is taking place now down in Chile, where we're making decisions about how to make English a working language within the APEC economies. To what extent does the APEC region provide an excellent tool, and a much-needed platform for integration, to develop the knowledge of a language that is going to be essential to foster better skills in everybody?

The other area has to do with what kind of opportunities can be given among APEC economies in the area of entrepreneurial growth. To what extent we can empower and broaden the opportunities for small and medium businesses, and small and medium entrepreneurs? How is it possible to generate opportunities today in the APEC region, not only through the big transnational firms, but also through on-the-job training for those who would like to open new avenues for the private sector?

We have two final areas that we would like to point out to you here. One is that growth and stability are key to integration, and that the recovery of the world economy today is strengthening the prospect of higher growth in our region. We are optimistic about the economic situation in today's world, and we would like to take this opportunity in the APEC Region to have, finally, a further commitment to sustained growth.

How are we going to access the management of knowledge in addition to what we already have? There are other Ministerial meetings taking place, as I'm sure you all know, in the area of mining, in the area of the Third Tourist Ministerial meeting, and in the area of marine ocean strategy. And that meeting is going to be held in Easter Island. Chile realized that we are the second Latin American economy that has the responsibility of holding APEC. In the year 2002 it was Mexico that had that

responsibility. This year we are going to commemorate the tenth year since we became members of APEC: ten years that have been extremely important from our own point of view as a country, and ten years that have been extremely important to consolidate APEC as the regional grouping of the major economies in the world, that account for more than 50% of the world's trade. There are many challenges in addition to those that have been established here, but also there are new realities, as I said yesterday vis-à-vis what happened in 1994. In addition to free and open trade by the year 2010 or 2020, according to the Bogor Goals, in the meantime, many countries have decided to open up through bilateral agreements, like the one we are trying to accomplish with New Zealand and Singapore. And therefore, I think that the time has come for the leaders of the members' economies in this conference to take this bilateral trade agreement into account. To what extent can a link be established—on a voluntary basis, of course, as is the major aim in the APEC economies—to link the different countries that would like to make a commitment to further trade, while working towards a Free Trade Agreement among all the APEC member economies?

I think that we are going to have to be realistic when we're approaching the evaluation of the mid-term strategy that will be taken in the next APEC meeting in 2005, in Korea. How are we going to measure the advances of the free and open economy? What is a good yardstick to measure that?

And therefore I think that one way of doing it, in addition to the methodological discussion of what means free and open trade, and how far, or how close, we are to that yardstick, is to measure what the gains have been, or what have been the advances in the meantime, no matter how we're going to define that yardstick. And I think that one of the advances, the new Free Trade Agreement that has been established during the last few years, should be taken into consideration. In other words, I think that in addition to the regular meetings, and the regular agenda, we should try to include two additional points. The first one, related to the bilateral arrangement, is if it's possible to make a commitment through those arrangements, for those countries that would like to have links between one economy and another, on a voluntary basis. And the second one: to what extent can the APEC economies encourage the Doha Development Round to pick up speed again, and how? After Cancún, to what extent can we get the Development Doha Round moving in the fast track again? I think that a good opportunity will be next June, early June, when the trade meetings of the APEC economies will be having a meeting in Chile. I know that the APEC Caucus is working to some extent in Geneva. But I think that it

would be a good turning point to see if it's possible for the Ministers of Trade, in Chile and in Europe, to discuss the advances of the Doha Development Round, and at the same time to analyze how we can use the bilateral agreements of the different APEC economies in order to transform them. This can help those countries that would like to grow a little bit faster.

I think that's enough for the work that we are planning to do in Chile. Moreover, I think that all of this work is only possible through the day-to-day work that you perform here. You are a rather unusual organization, because you have two bosses: your own government, which you represent here, and at the same time, the Pacific Region, to the extent that this region may represent the further improvement of the Government's plan.

And therefore, all of you in this Secretariate are members of your own countries, representing the interests of your own economies, nevertheless you are all trying to see how to link together to create a better region and therefore a better world. So, I would like to thank you for your day-to-day work, and tell you that I'm extremely happy to be able to be here, and to have this opportunity to talk with you. Thank you, thank you very much.

***Ladies and Gentlemen, President Lagos will now take questions from the media. For the benefit of our webcast listeners, please wait for the microphone to be brought to you. Please state your name and the name of your news agency before asking your question. Thank you.***

***From Bloomberg's:*** *I have a couple questions about Chile and its economy for you. Mr. President. Would you share with us your outlook for your country's economic growth this year? I understand that your Central Bank estimates growth from between 4.5 to 5.5%. And, since mining is such an important industry in your country, are you doing anything to raise the Government's revenue from your mining companies, and do you expect to put a law in place this year?*

***President Lagos:*** Well, to get to the first question, you're right, the growth rate of this year in Chile is going to be close to 5%. Some other international institutions are thinking that we may be able to go above 5%, but I'd say that a more conservative estimate is going to be around 5%.

To get to the second question, let me tell you that we're about to pass very important legislation, and the question that arises is the following: to what extent can Chile use the revenues from copper in order to establish a science and technology fund?

And we are thinking of putting some tax on the concession given by the Chilean State to the private companies, so that they can make a contribution according to the concession. And this means that if copper prices are on the rise, you may have to pay no more than 3% of total sales. But if prices are going down, you may pay very little or nothing at all. In other words, what we would like to ask is that the companies doing investments in Chile share the extra benefits coming from higher prices to establish a fund, not only in the area of the copper cluster, but also a cluster in the areas of science and technology. We are not going to put that money towards expenditures in development; that is not the case. But we do think it's essential for Chile to understand that one day, when those resources are exhausted, there will be a fund for future generations in the areas of science and technology. How much can we invest in science and technology in areas where Chile has a competitive advantage in exports, such as in our fruit, our fisheries, etcetera? That is the idea.

If you have a copper price of about 88 or 90 cents per pound, this will produce no more than 100 million dollars for the Government, through a concession system. We have been talking to the companies, and we have been told that this is not going to jeopardize the amount of investment in Chile. We are very happy to have made this commitment, and we are sure that investment in mining, and other areas will continue.

***From the Straits Times, Singapore:*** *You were suggesting just now that if areas, economies, which have signed Free Trade Agreements linked up, [they could] accelerate the free trade process within the APEC. Could you elaborate on this proposal, and what has been the response of the other member economies?*

***President Lagos:*** That has been proposed also by the members of the APEC business community, the APEC leaders. What they have said is, 'Look, the Bogor goals are there, we would like to accomplish these goals.' Meanwhile there have been these changes about trade agreements, and the question is, what happens if you put together all the agreements that already exist among the different APEC communities? In that case, a general agreement may emerge among the different

countries. It may be possible, then, to generalize, and say, 'this is a minimum agreement,' and everyone may agree.

What economies? Those economies that are already participating in the APEC, and have committed on a voluntary basis to have this kind of agreement. APEC has that view today. However, how many agreements exist? And probably more importantly, how many agreements are in the process of being made now? It's quite remarkable what is going on there. So if we decided that, in addition to the Bogor goals, we could establish this kind of trade agreements among ourselves on a voluntary basis, then it's going to be much easier, and we can take into account the new realities of today's world.

I mean, why do we work for bilateral agreements? Simply because the World Trade Organization, and the liberalization through multilateral bases, have been rather slow. And therefore, if we have this agreement, what can we do at the regional level? And of course, I say it has to be on a voluntary basis. I think that it is good to put this on the table, at least for discussion. I am not saying that we are going to approve anything, because this is not the case, but on a voluntary basis, maybe we can advance a bit further.