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CHILE
COORDINATOR OF THE RIO GROUP'S
WORKING GROUP ON FINANCING FOR DEVELOPMENT



STATEMENT

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**INFORMAL REVIEW SESSION OF THE GENERAL ASSEMBLY
ON CHAPTER III OF THE MONTERREY CONSENSUS
"INTERNATIONAL TRADE AS AN ENGINE FOR DEVELOPMENT"**

New York, 19 May 2008

Distinguished co-facilitators,

As my distinguished friend and colleague the Ambassador of Mexico has indicated, Chile presides the Working Group on Financing for Development for the Rio Group.

I therefore join the words expressed by the Ambassador of Mexico, and in my capacity as Coordinator of the Working Group I would like to draw attention to the areas that the Group considers should form part of the review on Chapter III of the Monterrey Consensus on international trade as an engine for development.

Distinguished co-facilitators,

In the view of the Rio Group member countries, trade is a growth engine for the developing countries and an item that is sustainable in the medium and long term. In view of the diversity of strategies adopted by the Group countries to deal with the phenomenon of globalization, we believe that broad and predictable access to developed country markets is a prerequisite for the developing countries to obtain the benefits of globalization. For this reason, the Doha Development Round must be concluded as soon as possible.

In recent years, the main economic indicators of the Rio Group member countries have, as a whole, been positive.

However, not all the Group countries have been able to derive the same benefits from the globalization phenomenon and these benefits have not reached all sectors of our societies equally.

In this regard, the Rio Group member countries continue to be convinced of the benefits afforded by integration and trading between Group members and with other countries and blocs outside the subregion. And, in this context, it is gratifying to note the increase in South-South trade and in foreign direct investment flows between South countries.

Principal challenges

Distinguished co-facilitators,

However, despite the "cautious optimism" that this situation may create, it is essential to acknowledge that there challenges which we must face both individually and collectively, with appropriate support from the international community.

The principal challenges include the following:

a. Maintaining current positive trends:

Because of the situation currently prevailing in the world economy, characterized by a downturn and even a possible economic recession in some of the principal trading partners of the Group members, an attempt must be made to find ways of ensuring that adjustments are as painless as possible.

The strengthening of South-South trade is a positive factor. We therefore welcome the recent announcement in Accra concerning the continuation of negotiations for the Global System of Trade Preferences among Developing Countries (GSTP), which should conclude in November this year. This arrangement will allow improved market access among developing countries, on solid foundations and covering a broad spectrum of trade between those countries.

In addition, we must take advantage of the current context to encourage investment in infrastructure and in what undoubtedly represents the basic challenge for the Rio Group member countries: education and training of human capital. This would allow us to make better use of the opportunities provided by the globalization phenomenon, so that they can benefit all our societies.

We appreciate the work of the regional and subregional financial institutions and appeal to all the international financial institutions to organize collaboration arrangements suited to the needs of their clients. We particularly appeal for the adoption of schemes suited to the needs of the middle-income countries, particularly aimed at strengthening the export sector of our economies.

The Group also welcomes the success of the Twelfth United Nations Conference on Trade and Development (UNCTAD XII) and endorses its results, particularly regarding the contributions that UNCTAD can make to enable the developing countries to achieve their goals concerning development, poverty elimination and well-being of their citizens and to face the opportunities and challenges created by globalization.

In addition, progress must be made with arrangements to support productive actors and particularly small and medium-sized enterprises. In this connection, it is important to promote access to modern technology, especially information technologies. This will enhance competitiveness and opportunities for participating in both national and international markets.

b. Ensuring that all benefit from globalization:

Distinguished co-facilitators,

It must be acknowledged that, although the phenomenon of globalization and the increase in international trade has produced benefits at the macro level, it has not been possible for their gains to be reflected in the same way in all countries or all strata of our societies.

Accordingly, at the national level, we in the Rio Group will continue to promote fair trade measures allowing the most vulnerable sectors of the population to benefit from trade.

We therefore urge all participants to make progress in the trade negotiations in the WTO Doha Round, with special emphasis on its development agenda, and at the same time recognize our own responsibility in this regard as active participants in the process. In this connection, the developed countries must improve access for agricultural products from the developing countries, decreasing domestic production subsidies, and thus help to alleviate one of the main causes of the food crisis affecting several developing countries.

We also appeal for a reduction of non-tariff barriers, especially for products from the developing countries.

In this connection, we make a special appeal to our main trading partners to honour their liberalization commitments in all sectors and to respect the judgements of the established dispute settlement mechanisms.

We therefore wish to reiterate the appeal to developed countries to increase their Official Development Assistance (ODA). In particular, the "Aid for Trade" initiative currently being promoted in WTO as part of the Doha agenda must be adequately financed, with additional funding.

c. The food crisis

Distinguished co-facilitators,

The topic of food security, and particularly the crisis provoked by the unprecedented increase in food prices, is a source of serious concern to the members of the Group.

The Rio Group member countries are concerned about the humanitarian and development risks posed by the existing situation, in which the gains in terms of well-being of the population, particularly the least fortunate sectors of our societies, are called into question.

We therefore believe that the international community must act in a coordinated manner to tackle the causes of the crisis and, with appropriate urgency, mitigate its consequences.

In this connection, we recognize the importance of the Secretary-General's initiative to create a high-level Task Force on the Global Food Crisis, in order to study the causes of the crisis and propose solutions, particularly by establishing an action plan and coordinating its implementation.

Lastly, the Rio Group countries look forward to the results of the timely meeting convened by the President of the Economic and Social Council to deal with this important topic, which will be held on 20 May 2008. We also await the results of the High-Level Conference on the topic which FAO will hold from 3 to 5 June 2008, where we hope that this issue will be fully considered.

Distinguished co-facilitators,

The FfD Working Group of the Rio Group trusts that the points referenced here will be duly considered in the summary of these discussions that the President of the General Assembly will prepare, and that they may serve as basis for the preparation of the Doha Conference document.

Thank you very much.