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**NEAR-VERBATIM TRANSCRIPT OF PRESS CONFERENCE BY SECRETARY-GENERAL KOFI ANNAN**

**SAO PAULO, BRAZIL ON MONDAY, 14 JUNE 2004**

(Reissued as received.)

Good afternoon, ladies and gentlemen. I made a statement this morning, I'm sure most of you heard me. But I would want to make a few brief remarks before I take your questions.

First of all let me say that I am extremely happy to be here in Sao Paulo, this bustling centre of commercial, cultural and human activity and it is fitting that it is also the venue of the Conference.

And I take this opportunity to express my gratitude to President Lula, to the Government and people of Brazil for the invaluable assistance they have been providing to the UN and particularly these days when they are the largest troop contributor to our operation in Haiti and I think this sign of international solidarity is something that we appreciate very much. This is, I believe, a testimony of Brazil's generosity and commitment to international cooperation and the United Nations.

We are here this week for a very important event, the 11th UNCTAD Conference. I have come myself because I believe and am convinced that the issues being discussed here are of major importance. It is my hope that the work that will be done here will ultimately improve the economic life of poor countries and consequently the well-being of their citizens.

The Member States of the United Nations have agreed on a set of Millennium Development Goals to improve the lives of people around the world. Some progress has been made, but a lot more needs to be done if we are to meet the target by 2015. Reaching them requires a surge of energy and renewed commitment from developed and developing countries alike, from civil society groups, from all of us. I have spent the last three days encouraging everyone I have met to become engaged and join the fight.

As I look around us today, the world is a troubled place. I am more than ever convinced that the crucial role the UN has to play to facilitate dialogue and provide a framework for international solutions are more needed today than ever. The successful United Nations contribution to the establishment of the Iraqi interim government is a case in point. Security conditions permitting, we intend to continue our efforts to help the Iraqi people, but, of course, it will depend very much on our ability to create a secure environment that will make our work in an expanded form possible.

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We owe a lot of what has been achieved here to the preparatory work done by my late friend and colleague, Sergio Vieira de Mello. He started our efforts in Iraq up... His loss and that of his many other colleagues is something that we will not forget easily if we ever do forget. It is also a painful reminder of the kind of world we live in and the dangers that UN staff confront around the world.

We are dealing not only with Iraq, we are also dealing with Darfur in Sudan. This is a humanitarian emergency of catastrophic proportions that must be addressed, not tomorrow but now and the world must insist that the Sudanese authorities neutralize and disarm the Janjaweed militia, who continue to terrorize the population.

They must also allow humanitarian supplies and equipment to reach the victims of these atrocities immediately because further delay could cost hundreds of thousands of lives. We have been directly in touch with the Government and they have indicated that they will allow access.

Let me pause here and take your questions.

Question: At the opening, President Luiz Inacio da Silva said the United Nations must revive talks on trade barriers. What do you think about this and if this could harm somehow the talks at the World Trade Organization (WTO).

Secretary-General: I think trade among countries of the South need not harm talks amongst the WTO and is also not a replacement for the global effort to get the Doha round going. But it is important that they trade amongst themselves but also requires that they remove the barriers, the tariffs they have amongst themselves. And it is quite clear that if they were to do that, the countries of the South would benefit -- in fact I gave the figures this morning -- that if they were to reduce their tariffs, let's say by about 50 per cent, they would gain \$15.5 billion in trade amongst themselves in addition to what they could gain from a global opening. So I don't see any risk to the Doha.

What is required in the Doha talks, in my opinion, is for the major blocs, both North and South, to show some flexibility and I'm seeing signs, I think the European Union, the Americans have given indications that there may be flexibility. The G-20 met and I think everyone must show some flexibility to move the process forward because we cannot afford to fail.

Question: Mr. Annan, 40 years ago at the first UNCTAD meeting the developed countries agreed to donate 0.7 per cent of their GDP to the poor. This morning and yesterday, I actually did not hear anything about this and I want to know if this tool is being used and what can we do to achieve this goal?

Secretary-General: It's a goal that many of the developed countries have accepted. About four countries have met the goal and in fact one has exceeded it. Norway has gone beyond that and the European Union as a whole have agreed a target, which they would want to move towards. We are far from achieving that goal but we are encouraging and pressing the developed countries to do that. So the fact that we didn't mention it this morning does not mean we've given up on it. It is still very much a part of our demands or requests.

Question: Mr. Secretary-General... do you expect a smooth handover of power and sovereignty to Iraqis by the end of this month...? Do you think

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the United Nations could play a central role in post-handover and do you expect the United States will withdraw its troops from Iraq?

Secretary-General: The security situation is very dangerous as we all see it on our televisions and in front of our newspapers. You are also right that security is key if Iraq is going to make progress. It is not only essential for the elections that are being planned for January next year, it is also essential for reconstruction; it is essential for the average Iraqi man and woman and their children to go about their lives. And so we have to find a way, or they have to find a way, of creating the kind of secure environment that will make all these things possible.

You talk about the crucial role of the United Nations. Recently you saw that the UN played a crucial and a vital role in the establishment of the Government. My own Special Envoy, Lakhdar Brahimi, spent a month -- and this was his third visit -- consulting widely, talking to all the many stakeholders in Iraq to be able to assist the Iraqi people and with the CPA to form a Government. That Government has been formed and they are supposed to take over at the end of June.

What the security environment will be only time will tell, but the signs we are seeing now are not very good. The indications are that the violence will continue. You talk about a UN role after the handover. The circumstances permitting, we would want to be helpful. What we did recently was not just Brahimi helping on the political transition, but we also had the second team headed by Carina Perelli from this region. She is from Uruguay, who helped the Iraqis set up an independent electoral commission, and political parties and basically helped establish a legal framework for elections. And if the situation permits after the handover, we will continue assisting but security has to improve. We are committed to helping, subject to security.

Question: Yesterday you talked about the importance of civil society in order to bring about change and pressure on politicians and administrations. Could you elaborate on that a little bit more please?

Secretary-General: Civil society movements and NGOs are often closer to the problem and to the people. Today we have a robust civil society, not only at the national level, but also at the global level, where they link up and take up issues, whether issues of poverty, issues of HIV/AIDS and some of the real challenges that we face.

They are the ones who remind us constantly and I myself share that view that the crises in the world today and the threats we face today are not just weapons of mass destruction or terrorism. For most people, the key is poverty, deprivation, HIV/AIDS, which is killing millions, the environmental degradation that we see, and in all these areas, NGOs are very active, putting pressure on governments to focus their attention on the key issues of concern to their people. And that ability to organize and reach out and influence policymakers is something that is extremely important to us.

And in some situations, the NGOs have been ahead of my own Organization. You take the ban on landmines; without the NGOs, there wouldn't have been a ban. They led the movement and we caught up with them and we work together in partnership and there are many other areas where I think we can do it.

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You have NGOs working very actively on debt relief. At the Millennium Summit, we had -- I think it was Jubilee 2000 -- they brought me 21 million signatures of people saying reduce the debt for poor countries, otherwise they cannot make it. So that kind of movement -- and those who are active in the environment, trying to protect our planet -- are voices we need.

Question: Could you please give a message to all the countries participating in UNCTAD to join the Global Compact and to build local networks in their countries?

Secretary-General: Thank you for that question and in fact on the 24th of June in New York, we are having what we call the Global Compact Summit where we are bringing together quite a lot of corporate leaders, NGOs and trade unionists to discuss.

The Global Compact, for those of you who don't know about it, is an initiative I launched in Davos (Switzerland) about four years ago asking corporations to accept their social responsibility in key areas about nine principles -- the areas of the environment, human rights and labour standards and recently we have added a 10th principle, which we are going to be discussing in New York, on corruption.

And I think the network has grown to national levels and companies are required to post on the net what it is that they do, the improvements that they have brought into the lives of their work and their own operations. And we are encouraging them to internalize these principles in their everyday work and report on it to the public, to their shareholders. We have about 1,500 now all around the world on the national level and I am happy you are engaged with it. We are also finding a way of networking with the other companies and linking up internationally so I am very happy to see you are here and to see you are writing about it.

Question: Mr. Annan, about the Iraq war, do you think that crimes such as torture should be brought to the International Court? And second, relating to Brazil, do you think Brazil is a leader in the South-South movement and if it is, what do you expect from this country?

Secretary-General: Let me start by saying I think Brazil is a dynamic presence on the international scene today and also very active in the South-South movement. I think there is a group of countries that are working with Brazil to try and foster the interests of the developing countries. You have the Group of G-5 and, of course, there is also the G-20 and it is quite significant that the UNCTAD meeting is taking place here and the G-20 meeting was held yesterday with the American Trade Commissioner joining, and Mr. Pascal Lamy, the European Commissioner, also joining in, and giving themselves an opportunity to explore how they can move the Doha process forward. And I think Brazil is one of the few developing countries that could have brought that sort of group together to discuss issues of common interest. So it is playing an important leadership role and I am grateful to the Brazilian Government and people and you should also be proud of that role.

On the question of torture, as you know there was an uproar. The entire world condemned it, it was unacceptable and of course attempts are being made to put some of those on trial. On the question of whether it should be brought before an international court, it's early to say because even if it were to have jurisdiction, which I'm not sure yet which, you know... The process is that the country of nationality is usually the first that will have to try the perpetrator, the person committing the

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crime. It is only when the country concerned does not put the individual on trial, is unwilling to do it or cannot do it that sometimes -- if you are talking about the ICC -- it kicks in, and I am not getting into the question of whether the ICC has jurisdiction in this case, but that is how the ICC works.

Question: We are at a conference about trade and development and I would like to know from you, how developing countries, such as Brazil, could involve in global development small companies that generate jobs and income and which employ informal labour.

Secretary-General: Small- and medium-size companies play a very important role not only in the economies of their nations and globally, but also they are the companies who are creating jobs. They are the ones who, even in the bigger economies, are the dynamic participants in the economy. In fact, we recently did a study -- I set up a group with UNDP and it was co-chaired by former President Zedillo of Mexico and the current Prime Minister Paul Martin of Canada, he wasn't the Prime Minister then -- and the topic was the role of the private sector in development and how you develop and encourage small and medium-size companies to be able not only to play a role in the economy but also to create jobs for the society. And when you look at every economy, the most active sector for job creation are the small and medium-size companies and quite a lot of governments are beginning thinking through how they can help at the local level, companies to be set up, sometimes sub-contracting, supplying bigger companies and making components, and you are seeing it in quite a lot of Asian countries and others; It's not just Brazil. It is expanding.

Question: Mr. General Secretary, in the 40 years of its existence, UNCTAD has made recommendations that the G-7 countries hardly ever listen to, while now the World Trade Organization makes rules that affect many poor countries quite a lot. Do you see any way by which UNCTAD's role could be more decisive?

Secretary-General: I think they are different organizations with different mandates and different roles. Yes, WTO does have capacity to take decisions that are enforceable and accepted by member states. UNCTAD does not have that role, but UNCTAD does have an important role. In a way, when you look at the ideas, ideas such as influencing the developing countries in their discussion of trade and in their own development and areas of investment, UNCTAD has played a very important role. It is a house of ideas now and ideas count, and ideas can make a difference. And so while they don't have the rule-setting capacity of WTO, they play a very important role and (by) being here and even encouraging the South-South discussions, getting them to look at the issues confronting them, including negotiations, and what they stand to gain out of the negotiations is an important role. So we have to accept that the two organizations have separate roles and they cannot compete with each other in that sense.

Question: A while ago, President Lula made comments on the UN and that the different agencies have separate actions and communication is difficult. How do you see this criticism?

Secretary-General: We have a very large and complex family. You have the Bretton Woods institutions. The UN deals with almost every issue under the sun. That is the UN family. When I take the UN family, I'm including the World Health Organization, UNCTAD, ILO, all of them are very much involved. So sometimes coordination and coherence can be difficult and for some of the smaller countries where all these agencies are represented,

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sometimes they spend lots of time coordinating and satisfying the requests of all these different agencies and donors.

And so there has been quite a lot of thinking going on as to how one can simplify the relationship between the UN family at the country level between the government and the agencies or NGOs that we deal with. But this is a problem that is not limited to the UN alone, but it is a problem that is quite pervasive. We recognize it and we are trying to do something about it.

Question: We are at the 11th UNCTAD Conference. We are always going back to the issues of poverty and development. What did the previous 10 conferences achieve?

Secretary-General: In a way I answered that question when I talked about the ideas (inaudible). Of course, it has shifted over the years. You say we talk about poverty, we talk about trade. We talk about them because these issues have not been resolved and they are still important. If poverty had been eliminated and we had an open trading system and the round had succeeded, we would probably be talking about something else.

We today have billions of people, about 2 billion people, who do not have clean water to drink; we have girls who are not going to primary school; we have about 150 million girls and boys who are not going to school; we have seen constant degradation of the environment; we have seen HIV/AIDS killing millions. These are the real problems. So if UNCTAD is not talking trade, if UNCTAD does not talk poverty, what other subject should it talk about? And the problems have not been resolved. And the fact that one is pushing and pressing and challenging us to achieve more and hold us to a higher standard, I think it's legitimate.

Question: Do you support a UN reform of the Security Council. Do you think it be done in the short term and do you support Brazil's interest in the Security Council.

Secretary-General: I do support reform of the Security Council. My position has always been clear. I believe the Council does good work, but it could become more democratic and representative and through that, also gaining greater legitimacy. The world is no longer the world of 1944; the structure of the Council reflects that world and the world has changed and we need to adapt and deal with today's reality.

If it can be done quickly -- this debate has been going on for over a decade. This year I have a panel of eminent persons who are looking at the UN, looking at the threats and the challenges we face and the changes we need to bring about and they will be looking at the Security Council and the General Assembly, and they will probably make recommendations which I will share with the Member States and I sense there is a bit more energy behind the discussion of reform this year than had existed in the past few years. And so it is possible that next year we may make progress.

Do I support Brazil's membership? This is an issue for the Member States to decide, but I can say that Brazil would have a reasonable claim, a justified claim to it.

Question: Yesterday you mentioned the release of the Cardoso Panel's report on UN-civil society relations. Can you inform us briefly of your first impressions after your first reading and what major outcomes and

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structural changes the report suggests and which ones you intend to put forward to the General Assembly.

Secretary-General: Let me say that I haven't received the report formally. As you say I have looked at the draft and I prefer not to go into details until the Chairman has given me the formal document. But the essence of the report is to see how the UN can strengthen and deepen its relationships with civil society. I believe there are issues we are dealing with today that the UN alone cannot do it. It is by working in partnership with civil society, with universities, with foundations and the private sector that we can expand our capacity and collectively make a difference. We have made progress in working with all these stakeholders, but we can do better and that is the essence of the report and it also covers our relations with parliamentarians. So if you will pardon me, I don't want to go into specific details, I need to be correct and have the Chairman of the Panel give me a formal report. He may make changes before it comes to me before I can get into such details.

Question: Have you ever heard of the Beijing consensus as compared with the Washington consensus...? Do you think China can offer some useful experience to other countries, especially developing countries?

Secretary-General: In fact, the group that is here sees China as a developing country and part of them. There are countries that will debate that, but there are countries that see China very much as part of the developing world and China does have lessons for the rest of the members. Obviously you are in a very unique situation with a dynamic economy and a huge internal market in addition to your exports and your economic relations with other countries outside China. But I have also noticed that China itself is developing very active relationships with some of the developing countries on all the continents and it's not only trading, but it's also sharing some of its experiences with them and one of the themes that we are discussing here is South-South cooperation, which is very much along the lines that you have implied.

Thank you.

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