



## **Speech by Mr Jacques CHIRAC, President of The French Republic for the Paris International Conference on New Development Financing Mechanisms.**

Elysée Palace - Tuesday 28 February 2006

Mr Secretary-General of the United Nations, dear Kofi Annan,  
Mr Chairman of the African Union, dear Denis Sassou Nguesso,  
Mr President of the Republic of Mali, dear Amadou Toumani Touré,  
Dear Graça Machel, thank you for attending this conference. I would like to pay you my warmest respects and would be grateful if you would send President Mandela our unanimous and respectful affection,  
Mr Secretary-General of the International Organization of the Francophonie, dear Abdou Diouf,  
Ministers,  
Ladies and Gentlemen,

With globalization, we are in the midst of a revolution that is shaping the international order.

With the liberalization of trade and investments and breakthroughs in science and technology, the world is experiencing a growth cycle that is exceptional in its scope and its duration.

In Asia and Latin America, economic progress is freeing hundreds of millions of men, women, and children from the straitjacket of poverty. Entire nations and regions are coming into their own. A new geography of power is being shaped.

And yet despite the continuous increase in global wealth, a third of humankind still lives on less than a euro a day, and half of humankind lives on less than two euros a day. At the rate things are going today, globalization, far from bridging this gap, is widening it even further. Population growth, which is concentrated in the most disadvantaged regions, exacerbates the situation. More than any other, the African continent, still marginalized in international trade and suffering from a series of handicaps, bears the brunt of the imbalances; imbalances that are in conflict with the most basic morality; imbalances that seriously threaten global peace and stability. It would be irresponsible to ignore this and not take action.

Following years of adhering to the widespread illusion that globalizing the economy would be enough to solve all development problems, the international community is finally accepting the need for solidarity.



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I would like to highly and specially commend the United Nations Secretary-General for his tireless, effective and intelligent action. Thanks to him, the international community has had a common strategy since the UN Millennium + 5 Summit to eradicate poverty and its ills. A strategy that France has always supported, based on a partnership approach rather than the outdated assistance approach. I would like to commend all the great voices from the South, President Lula, whose message went straight to the heart, President Lagos and the African leaders promoting NEPAD for having furthered international awareness.

Following decades of decline, official development assistance is finally on the rise once more. With the multilateral debt forgiveness in poor countries that was decided at the Gleneagles G8 Summit as well as Europe and other major donors' pledge to devote, by 2010, an additional \$50 billion a year to international solidarity causes, half of which for Africa, developed countries are finally acknowledging that the laissez faire, laissez-aller approach is under no circumstances a solution.

Yet we all are aware that those efforts will not suffice given the scale of what is needed. We are all aware of this. The United Nations estimates that official development assistance has to be increased to nearly \$200 billion a year by 2015, versus today's \$65 billion, if we want to achieve the Millennium Development Goals.

In the face of such a challenge, traditional official development assistance is not enough. It is financed by government budgets, which are continuously short of money, and is therefore unpredictable.

The solution is new financing mechanisms that mobilize part of the benefits of globalization. The sums necessary may seem significant. They are however very small compared with the world's \$40 trillion GNP and the annual \$8 trillion in international trade.

Many options are possible: international solidarity levies, the International Finance Facility (IFF), international lotteries, mobilizing migrants' savings, public-private partnerships. France tackles all the options with constructiveness. For example, we will be taking part in the launch, within coming weeks, of an International Finance Facility for Immunization. In this context, I welcome the agreement reached yesterday with the United Kingdom. Moreover, this solidarity approach includes a fresh vision of international cooperation and a new conception of North-South relations.

With these contributions, we are going to extend our solidarity base using a fraction of the new wealth created by the globalization process, a large part of which escapes States' taxation. We are going to use the most advanced techniques of our modern economy in the interests of the poorest. We are going to transcend the North-South divide to further a spirit of global solidarity and responsibility. That is the whole point of the commitment of France and some 100 other countries attending this Paris International Conference on New



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Development Financing Mechanisms.

This widespread action is exceptional for many reasons.

Exceptional in the diversity of its promoters, Heads of State and Government, representatives from the relevant international institutions, NGOs from every continent, companies and sponsors who are aware of their responsibilities.

Exceptional as well in how quickly the proposals put forward by the Group chaired by Mr Jean-Pierre Landau became an important part of the debate. The proposals were considered completely unrealistic a very short time ago. They were even taboo in certain international organizations. Now they are discussed in all the major international forums, at the G8 meetings, in the United Nations, in the Bretton Woods institutions, and within the European Union and within the African Union. I commend the progress that has been made over the last two years through a series of decisive meetings in Geneva and New York in 2004 and in New York in September 2005. Thank you Mr Secretary General.

We must make this movement irreversible. The time has come to take a new step, to move forward in implementing concrete projects.

That is why France has decided to introduce, in an experimental capacity and as a first step, an initial air-ticket solidarity levy straight away. This levy, a simple and neutral mechanism from an economic standpoint, will raise more than 200 million annually starting 1 July 2006 in France.

I commend all countries, mostly from the South I might add, who have decided to embark upon this road and review the implementation of such mechanisms for themselves. I call on all nations represented here today in Paris, first and foremost OECD and European Union countries, to support them in this forward-looking undertaking. We will thereby rapidly raise the sums that are required to achieve the Millennium Development Goals.

Together, we must also ensure that the additional resources are used properly. To change the course of things, we must join efforts and manage our shared resources by focusing them on well-defined goals.

With this in mind, I propose that we earmark the proceeds from the air-ticket solidarity levy for an International Drug Purchase Facility to fight such pandemics as HIV/AIDS, tuberculosis and malaria ravaging developing countries.

This is the right choice because experience has shown that we now know how to effectively fight these diseases which have crushed development efforts in countries of the South.

This is the right choice because the difficulties we encountered at the last replenishment of the Global Fund to fight HIV/AIDS, malaria and tuberculosis demonstrated the imperative need for both stable and predictable resources.



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This is the right choice because universal access to drugs and health care in poor countries is now within reach.

International debate on intellectual property, generic drug competition and differentiated price policies for patent-holding pharmaceutical companies have reduced the cost of some anti-retroviral drugs a hundredfold. We can reinforce those successes via a long-term cooperation arrangement between the pharmaceutical industry and the international community based on stable financing mechanisms. With this approach we can solve two major problems at once:

- First, the cost of drugs that, although reduced to a fraction of the cost of drugs in the North, remains prohibitive for people living on a euro a day without any form of social security.

- Second, the absence of a solvent market for drugs to treat pandemics ravaging the poorest countries, an absence that today is reflected in a blatant lack of pharmaceutical research and production.

To reach its full potential, the project should be part of a more comprehensive strategy to enhance health systems. That is why at the St Petersburg G8 Summit I plan to propose an initiative to accelerate the introduction of health insurance mechanisms that are adapted to the economic and social realities of the poorest countries.

Ladies and Gentlemen,

We have accomplished much over the last two years. But we still have a long way to go and time is short! The solidarity levies we are discussing today can serve as an example and as experience, but they are only initial projects. We need to advance much more quickly and much further. For with every passing year there are millions of lives lost and with every development we make there are people who regain their dignity, new opportunities for peace, for global stability, and victories for hope.

This is our responsibility today. I would like to thank you for accepting France's invitation. I would like to thank you for lending the strength of your commitment, your generosity and the support of your nations to this just cause.

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