

**Prime Minister Fuad Siniora's
Address to the Paris III Conference
January 25, 2007**

**Mr. President,
Distinguished Guests,
Ladies and Gentlemen,**

I am honored to be here with you today. I would like to express my deepest gratitude to President Jacques Chirac, the French government and the people of France for hosting this international conference, a true indication of your unwavering support and faith in Lebanon. I would also like to thank all of you, who have graciously accepted President Chirac's invitation and taken the time from your demanding schedules to participate in this meeting of crucial importance to us Lebanese. Your support adds to our determination to protect our freedom, enhance our democracy, consolidate our independence and reform our economy.

Ladies and Gentlemen,

We meet during times of divisiveness, threats, fears and uncertainty. But they are also times of solidarity amongst those who face common problems and challenges, in their pursuit of the universal goals of peace, prosperity, security, and justice. Such solidarity empowers Lebanon in its quest to regain its unique role as a bridge-builder, rather than a battleground; a place of encounter, rather than a place of fault lines. Your support demonstrates that the reemergence of a stable and vibrant Lebanon is meaningful not only for our own country, but also for the region and the world at large. To that end, we are pursuing the twin objectives of stability and effective democracy; a democracy in which human rights and individual freedoms are upheld. Should we fail in achieving these goals, dire consequences will transcend far beyond the borders of our small country.

Dear friends,

While the Middle East has endured more than its fair share of turmoil in the past, the problems it faces today are enormous. These include occupation, communal and sectarian tensions, extremism and violence, and obstacles to democratization and human development. Because of its openness and diversity, Lebanon is especially vulnerable to these threats and challenges. However, rather than allow Lebanon to become an open battlefield for political and ideological clashes, or a pawn to be used in regional and international confrontations, it can and should be a beacon that upholds the tenets of coexistence, moderation, democracy and freedom.

I do not want to ignore or minimize the political difficulties Lebanon is currently facing. **Undoubtedly, you are quite aware of the severe test that our democracy has been subjected to in the last two months. This culminated in last Tuesday's dramatic attempt to achieve political goals through the illegitimate means of intimidation and disruption of**

public order. In response, our government has stood firm in safeguarding democratic principles and the rule of law. We will continue to reach out to our fellow Lebanese in the opposition for a solution through our democratic institutions. A solution that best serves our country and upholds its constitution. The Lebanese people have learned the hard way that peaceful dialogue is the only way to resolve political differences.

These are trying times, but trying times are also times of reflection; they are moments of truth, where courage and determination are paramount. They are times to make the right choices and see them through. That's why we have stood firm the last two months in defense of our democracy and freedom ; that's why we've gone ahead in developing our economic reform program; that's why we are here with you today!

Like all other nations, the Lebanese people aspire to live in peace and dignity, in a secure, free and prosperous country, as they so compellingly expressed

before the world in the spring of 2005, after the shocking and tragic assassination of Prime Minister Rafic Hariri. The Lebanese people have asserted their determination to bring to justice the perpetrators of this despicable crime and of the other political assassinations of Samir Kassir, George Hawi, Gibran Tueini and Ministers Basil Fuleihan and Pierre Gemayel, as well as the attempted killing of Ministers Elias El Murr and Marwan Hamade, who is luckily with us today, as well as a leading journalist, May Chidiac.. In order to serve justice and, hopefully, also to serve as a deterrent and help put an end to impunity, our government is committed to the establishment of the special tribunal as agreed upon with the United Nations.

Ladies and Gentlemen,

No other event has been more dramatic and destabilizing over the last two years than Israel's brutal and utterly unjustified war on Lebanon, which displaced hundreds of thousands of people, destroyed

infrastructure, shattered the economy and most importantly, claimed the lives of over a thousand Lebanese civilians; a phenomenon that sadly continues today as a result of over one million Israeli cluster bombs scattered throughout the South. The domestic political consequences of this war have indeed been serious and in many ways, continue to unfold.

Dear Friends

While on the surface our political challenges may seem more dramatic than our economic ones, they are equally serious and intertwined. Prior to July of last year, Lebanon was well on the path to economic recovery, with an anticipated growth rate of 6% in 2006. However, as a result of Israel's onslaught on our country, we are now on the verge of a deep recession. We are doing everything in our power to address all the post-war economic, social and humanitarian issues. Efforts to ensure the rapid and efficient rehabilitation of our infrastructure and to

redress our shell-shocked economy are well underway.

Despite the resilience of its people, Lebanon cannot alone surmount the economic challenges, old and new, that lie ahead. The assistance of our Arab brothers and our friends in the international community is also crucial. And here I would like to note with appreciation the help provided or promised for early recovery and rehabilitation. However, the country remains overwhelmed with the cost of destruction and with the heavy burden of debt accumulated over many years hindering growth and development.

Ladies and Gentlemen,

As Gibran, once wrote, “Progress lies not in enhancing what is, but in advancing toward what will be.” This is exactly what our reform program aims to do: it targets economic growth aimed at improving living standards and quality of life, as well as increased transparency and improved governance.

However, the proposed reforms alone are not sufficient to achieve sustained and equitable growth and debt sustainability. Your support to our medium term program in the form of contributions and loans at concessionary rates with considerable frontloading that extends over the program's duration is what is needed. Failure to achieve the program's objectives could well jeopardize broader goals of political and social stability and a strong democratic system. The cost of failure is too great to contemplate; certainly far greater than the cost of realizing success. I am therefore hopeful that you will be forthcoming in your support.

The economic reform program before you has been thoroughly reviewed and highly commended by the International Monetary Fund. We look forward to a formal arrangement with the IMF that could take the form of an emergency post-conflict agreement. This request has been made to the Fund's management and the IMF Board has already expressed strong support for it.

Ladies and Gentlemen,

Our program focuses on growth-enhancing structural reforms. A detailed good governance administrative reform strategy was developed cutting across all arms of the government, in order to create a transparent, accountable and effective public administration. Financial sector reform measures have also been laid out. They will be important for financial resilience; for facilitating privatization and for enhancing market confidence. The government is also committed to enacting a wide range of legal and regulatory reforms in order to improve competitiveness and reduce the cost of doing business in Lebanon.

The program also focuses on the social sector targeting the promotion of sustainable and equitable development while combating poverty and setting up social safety nets. This plan also aims at the improvement of education and health standards, enhanced efficiency of social spending and the

reduction of regional disparities within the country. The government's social objectives will be achieved through coordination amongst all the stakeholders, including state and international institutions, non-governmental organizations, the private sector as well as the donor community.

A central theme of the reform plan focuses on proper fiscal management. It includes the implementation of a series of measures that will increase the primary surplus through streamlining expenditures and increasing revenues, while minimizing the negative impacts on the poor. To that end, reform of the power sector is particularly crucial. Budgetary support to that sector reached approximately \$1 billion in 2006, accounting for close to 20% of fiscal revenues and 3.5% of GDP. A broad range of short and medium term measures to reform this critical sector is detailed in the government's program.

The privatization component of the reform program is essential to promoting growth, reducing debt and

debt service, as well as to securing the expansion of the domestic capital market. Privatization is expected to improve the reliability and quality of public services, enhance competition and competitiveness and increase efficiency thereby reducing the costs of services to businesses. **The transparent privatization of the telecommunications sector, offering the widest possible shareholder base, is one of the government's primary goals. In this regard, we have established the telecom regulatory authority and have recently appointed its board.** It is worth noting that all proceeds from privatization will be applied to debt reduction.

The reform plan also includes a prudent monetary and exchange rate policy aimed at maintaining price stability, a sound banking system and facilitating credit to the private sector. Lebanon's policy of a stable exchange rate has served the country well and remains instrumental for maintaining price stability and investor confidence.

The government of Lebanon cannot hope to achieve these goals without international financial assistance to help reduce the debt and debt-servicing burden. This will contribute to building the confidence needed to encourage the private sector investment necessary for growth, productivity and job creation.

While rebuilding Lebanon's economy is essential to its future, economic recovery alone cannot ensure stability. The international community has a great role to play in restoring peace and security to our country. As we meet today, Israel continues to violate international law and the cease-fire agreement with its regular over-flights into Lebanese air space. In addition, the continued occupation of the Shebaa Farms offers an excuse for continued interference in Lebanese internal affairs. The destabilizing effects on Lebanon are undeniable and point to the need for the full and immediate compliance by Israel with UN Security Council Resolution 1701.

It is also of utmost importance that the central political obstacle to stability in the Middle East be settled once and for all. Israel must be brought to realize that war has given it neither security nor peace. The peoples of the Middle East aspire to live in freedom and dignity, without constant threats of violence, occupation and disrespect for their territorial integrity. The way forward is a just, comprehensive and lasting peace based on the principle of land for peace called for at the 2002 Arab Summit in Beirut.

Such a political solution can only be implemented when Israel recognizes the right of the people of Palestine to a viable and independent state, and the right of return of Palestinian refugees, pursuant to relevant UN resolutions. Israel must also withdraw from all the Arab lands it occupies in Lebanon, Gaza, Jerusalem, the West Bank and Syria. Only then will Israel attain the security it seeks and achieve the peace to which we all aspire.

Ladies and Gentlemen,

In looking back at our history, we draw lessons from the difficulties of the past, proud that even in times of great despair, our determination has never diminished. We have faith in Lebanon and its people, a faith we trust you share. In working towards Lebanon's future, we are overcome with urgency, not respite; with passion, not bitterness; with energy, not defeat. We will see our country rise from a time of economic and political obscurity to brighter days to come.

As you know, this conference is the third of its kind, following Paris I and Paris II, both the brainchild of our late Prime Minister Rafik Hariri, a man of vision who believed in Lebanon and its promise, who worked tirelessly, sometimes against all odds, to help Lebanon regain its rightful place in the family of nations. Prime Minister Hariri in many ways himself personified the country's vitality, potential and hope. If you will allow me, I would like to dedicate today's

meeting to his memory, as it was he who dared to dream of the Lebanon for which we strive and took the courageous first steps along that path. While his absence represents an unspeakable loss to our country, it is his memory that guides us along that path today.

Dear friends,

Your support will be essential to seeing Lebanon through. You have stood by Lebanon in trying times before and will, no doubt, continue to do so now; for it is critical now more than ever for Lebanon, the region and the world. Thus, your support should be certain, not hesitant, comprehensive and not partial.

Once again, on behalf of the Lebanese government and people, I would like to extend our heartfelt appreciation for your solidarity and continued support. I would like to thank France for hosting this conference and our Arab brothers and friends from all over the world, Europe, the Americas, East Asia

and Australia for their presence here today. Thanks to your support, we will go back home with renewed faith and concrete means that will help the Lebanese build together a free, prosperous, sovereign and independent Lebanon.

Merci Monsieur Le President for your leadership and commitment.

Thank you all.