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G7 Okays Debt Relief Plan for Poorest Nations

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The seven leading industrial nations have agreed to offer the world's poorest countries 100 percent debt relief. The announcement came at the end of two days of meetings in London between the finance ministers of the major powers.

British Treasury chief Gordon Brown says the Group of Seven industrialized nations have taken a major step by holding out the possibility for total debt relief to the poorest nations in the developing world.

"It is the richest countries hearing the voices of the poor," said Mr. Brown. "This is the first time that as much as 100 percent debt relief has ever been detailed in a G7 communiqué. And I believe that we are making major progress across the range of issues that concern people, showing that no injustice can last forever."

The G7 communiqué says details of the offer must still be negotiated over the next few months in meetings with the International Monetary Fund, the World Bank and the African Development Bank.

There are 27 countries classified as Heavily Indebted Poor Countries, mostly in sub-Saharan Africa, and they owe about \$70 billion to the international lending institutions.

The finance ministers stuck the deal on debt relief after hearing an impassioned plea from the former South African President Nelson Mandela, who had urged them not to delay, while poor people continue to suffer.

But another British initiative, to set up a \$100 billion International Finance Facility for development aid, failed to win endorsement, after the United States said it could not support the scheme.

The U.S. representative at the talks, Treasury Undersecretary John Taylor, said there are legal roadblocks that bar U.S. participation, but Washington does not object to the concept, in principle.

"The International Finance Facility is something that the United States cannot support, because of our legislative appropriations process," said John Taylor. "The particular mechanism does not work for the United States. It works for other countries and that's fine."

Mr. Brown of Britain said he will continue to push the initiative, and a final decision on it will be made at a summit of the leaders of the major economies in Scotland in July.

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Senior officials from the world's seven leading economies are meeting in London as Britain has assumed the chairmanship of the group for the next six months. The opening session of what is called the Advancing Enterprise summit focused on the economic growth and investment prospects of India and China, two of the world's largest developing countries. The Indian finance minister, P. Chidambaram, said his country's strong democratic tradition offers...



By **Michael Drudge**

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