



GENOA G8 SUMMIT SHOULD COMMIT \$10 BILLION A YEAR TO GLOBAL HEALTH FUND

A high level group of private experts from G8 countries recommends that the G8 Summit at Genoa adopt four major commitments:

- Contribute \$10 billion per year to fight HIV/AIDS, malaria and tuberculosis in the world's poorest countries;
- Launch a comprehensive new round of global trade negotiations later this year;
- Reform economic sanctions against Iraq in return for firm action by Iraq to permit effective international inspection of its weapons programs;
- Enhance the effectiveness and inclusiveness of future G8 Summits by inviting leaders of the G20 (list attached), whose Finance Ministers already meet regularly, to join them around their own annual meetings.

Detailed explanations of these proposals, along with a number of others, can be found in the attached report of the G8 Preparatory Conference, a group of 23 leading independent experts, which is now in its second year of operation (list attached). The group met in Turin in January to prepare its report for 2001 and again in Genoa on July 1st and 2nd to update its recommendations. It has conveyed its proposals to the G8 Leaders and will discuss them with Prime Minister Silvio Berlusconi on July 4th. Three members of the group have subsequently joined the governments of their countries; Robert Zoellick, now the US Trade Representative; Heizo Takenaka, Minister of Economic and Fiscal Policy of Japan; and Renato Ruggiero, Minister of Foreign Affairs of Italy. The group is sponsored by the Tokyo Foundation, organized by the Institute for International Economics from Washington D.C. and hosted this year by the Istituto Affari Internazionali from Rome.

The new report urges action on four critical issues that require new initiatives and are sufficiently close to achieving international consensus that strong leadership from the G8 at Genoa could produce dramatic progress.

GLOBAL POVERTY

The G8 should build on its debt relief initiatives of recent years to substantially broaden the attack on world poverty. To meet the goals set by the Millennium 2000 Summit, the most urgent requirement is full funding of a global attack on the three most deadly pandemics of HIV/AIDS, malaria and tuberculosis. From

HIV/AIDS alone, over 20 million Africans have already died and more than 100 million people will be infected by 2005. Thirteen million children have been orphaned by the disease.

The G8 countries should therefore sharply increase their funding for disease prevention and cure, and provide \$10 billion in annual support by 2005. Coupled with firm commitments by the recipient countries to reform their health delivery systems, such financing will save million of lives annually and avoid huge economic losses to the countries involved. Such assistance will cost the G8 countries only about \$10 from each of their citizens per year and 1/20th of 1% of their GDPs.

WORLD TRADE

Severe disputes, notably between Europe and the US but now also between China and Japan, threaten global trade. The rapid growth of regional initiatives, such as the proposed Free Trade Area of the Americas and East Asian Free Trade Area, could undermine the multilateral system. The results could be devastating for both the world economy, especially the poorer countries who depend so heavily on trade, and for global security.

The G8 should therefore commit to launch a new multilateral trade round at the Ministerial Conference of the World Trade Organization in November. To make that commitment credible, they should agree to a comprehensive agenda for the round that includes issues of greatest importance to the developing countries as well as to themselves. To be successful, the round must encompass the widest possible range of issues to permit tradeoffs that will enable all participants to realize their priority objectives. A successful round also requires the US Administration to receive Trade Promotion Authority from the Congress as soon as possible.

To move the WTO toward universal membership, the G8 should also work to speed the accession of Russia to the organization.

IRAQ SANCTIONS

More than a decade after the Gulf war, Iraq represents the greatest threat to the proliferation of nuclear weapons, and other weapons of mass destruction, and thus to world security. It is imperative to restore an effective international regime that controls its weapons development.

The G8 should reach a consensus to ease the present economic sanctions in the United Nations against Iraq, which have limited impact and adversely affect much of its population, in return for firm action by Iraq to permit effective international inspection of all its weapons facilities. As a matter of prudence, comprehensive controls should be retained over Iraq's use of its oil revenues and arms imports.

Renewed military actions should also be envisaged if necessary to enforce the inspection regime, if other means fail.

STRENGTHENING THE G8

The G8 still represents about 2/3rd of world economic output but accounts for only 10% of world population. It should broaden its outreach in a systematic manner that goes beyond the *ad hoc* initiatives of recent host countries in inviting selected leaders from a few poorer countries to meet separately with them.

The G8 should invite the Heads of State and Government of the G20, a group whose countries include over half the world's population and already meet regularly at the Finance Ministers level, to join them annually around their own summits. Such sessions would enhance both the effectiveness of the G8 itself and the legitimacy of the entire system of global governance.

In addition, the G8 must streamline its own procedures. It is impossible to return to the "Rambouillet model" of 25 years ago but the group's leaders must focus their agenda much more sharply. They must be willing to prioritize much more clearly among the many issues that they inevitably face, such as climate change and information technologies, as well as to implement major substantive initiatives such as those suggested in the report, if they are to restore the group's essential role in the process of international cooperation and global economic progress.