

countries not qualifying under the HIPC Initiative, the Paris Club could consider a unified 67 per cent reduction under Naples terms and, for other debtor countries, an increase of the existing limit on debt swap operations.

12. If implemented, the debt stock of countries possibly qualifying under the HIPC Initiative would be reduced, from some US \$130 billion in nominal terms (US \$71 billion in net present value) remaining after traditional debt relief, by an additional US \$50 billion in nominal terms (US \$27 billion in net present value). These measures, together with forgiveness of debts arising from Official Development Assistance, of which up to US \$20 billion in nominal terms are owed to G7 countries, would reduce the overall debt stock by more than half, lowering the debt service burden significantly and freeing resources for priority social spending.

13. We recognize that these changes will entail significant costs, in particular arising from debt owed to the IFIs. We are prepared to support a number of mechanisms to meet these costs recognizing the importance of maintaining an adequate concessional lending capacity by the IFIs:

- To meet the IMF's costs, the Fund should mobilize its resources, while maintaining an appropriate level of reserves, through the use of premium interest income, the possible use of reflows from the special contingency account or equivalent financing, and the use of interest on the proceeds of a limited and cautiously phased sale of up to 10 million ounces of the IMF's gold reserves.
- The Multilateral Development Banks (MDBs) should build on the work they have begun to identify and exploit innovative approaches which maximize the use of their own resources.
- The costs to the IFIs will also require bilateral contributions. We have pledged substantial contributions to the existing HIPC Trust Fund. We will consider in good faith contributions to an expanded HIPC Trust Fund.
- In meeting the costs, we call for appropriate burden sharing among donors, taking into account all relevant aspects, including the magnitude and quality of ODA already extended and past ODA forgiveness, and recognizing the contributions of countries with high ODA loans outstanding relative to GDP.

14. We would welcome efforts by the private sector to reinforce the objectives of this initiative, including through contributions to a Millennium Fund to help finance debt relief.

15. On the basis of this framework, we call on the IFIs and the Paris Club to provide faster, deeper and broader debt relief, to work with the HIPC countries to ensure that three quarters of eligible countries have reached their decision point by the year 2000, and to assist the very poorest countries to embark on the HIPC process as soon as possible. Concrete proposals should be agreed by the time of the next Annual Meetings of the IMF and the World Bank.

IV. Nuclear Safety/Ukraine

16. We renew our commitment to the successful implementation of the Memorandum of Understanding (MoU) between the G7 and Ukraine. We welcome Ukraine's renewed firm commitment to the closure of Chernobyl on schedule by the year 2000. Our overriding goal is the closure of the Chernobyl power plant by the agreed timetable.