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The Prime Minister and I had a wide-ranging discussion. We're really intent to make sure that our relationship is strong and honest and open. I can assure the people of Great Britain, as well as my own country, that our relationship and alliance has never been stronger.

Secondly, I'm off to Genoa, where the G–7 and the G–8 will meet to discuss how to enhance the world's prosperity. It really begins with each of our own countries making sure our economic houses are in order. I will share with my fellow leaders the fact that we shepherded through a major reduction in income taxes in America so that the working people have got more money in their pockets to spend on their needs.

I'll also share the fact that our Federal Reserve is conscious of the need to make sure that the interest rates are such that we have economic vitality. As well, we will discuss ways to make sure countries less fortunate than ours will be able to sustain economic growth. It's imperative that we have a new round of global trade talks, to make sure that all nations in the world have got opportunity within their lands.

There are some who will try to disrupt the meetings, claiming they represent the poor. To those folks I say, instead of addressing policies that represent the poor, you embrace policies that lock poor people into poverty, and that's unacceptable to the United States. Trade has been the best avenue for economic growth for all countries, and I reject the isolationism and protectionism that dominates those who will try to disrupt the meetings in Genoa.

And finally, on the homefront, I'm pleased that the United States Congress easily passed a faith-based initiative sponsored by J.C. Watts of Oklahoma and Tony Hall of Ohio. It's an initiative that puts our Federal Government squarely on the side of faith-based and community-based programs, all of which exist to help a neighbor in need.

The debate has been long and arduous, and now the Congress is beginning to act. It's a positive step toward making sure the American Dream extends its reach throughout all our communities. It's a step that recognizes that Government can't cause people to love one another, but what Government can do is stand side by side with loving individuals who are intent upon bringing compassion and hope to neighborhoods where there may not be any.

I congratulate the House. I urge the United States Senate to act on this measure quickly, so that the armies of compassion, which exist all across America, will be invigorated and continue their march to make sure our country is hopeful and optimistic.

Thank you very much for your hospitality. May God bless Great Britain, and may God continue to bless America.

Thank you very much.

NOTE: The President spoke at 8:23 a.m. at Royal Air Force Brize Norton airfield. In his remarks, he referred to Prime Minister Tony Blair and his wife, Cherie. A tape was not available for verification of the content of these remarks.

G7 Statement—Genova

July 20, 2001

1. We, the Heads of State and Government of the G7 countries and the Representatives of the European Union, met today in Genova to address current challenges in world macroeconomic trends and to bolster efforts aimed at promoting growth and stability, and at improving the efficiency of the international financial system.

World Economy

2. While the global economy has slowed more than expected over the past year, sound economic policies and fundamentals provide a solid foundation for stronger growth. We will remain vigilant and forward looking in implementing measures, as necessary, to ensure that our economies move towards a more sustained pattern of growth, in line with their potential. We pledge to pursue policies that will contribute to global growth by enhancing strong productivity growth in a sound macroeconomic environment, through structural reform, free trade and strengthened international economic cooperation.

- In the United States, while growth has slowed sharply, long-term trends remain favourable. Markets are dynamic

and flexible, and both monetary and fiscal policies are being actively employed to support recovery, while maintaining price stability. The recently enacted tax cuts should bolster growth.

- In Canada, tax cuts and monetary conditions are supporting growth while structural policies should continue to be aimed at increasing productivity. In the United Kingdom, where the slowdown appears moderate, policies should continue to strengthen the foundations for sustained growth and employment over the medium term, and meet the inflation target.
- In the euro area, although economic activity has weakened, growth prospects remain favourable. Tax cuts, as well as structural reforms aimed at further increasing employment, should continue to support sustainable non-inflationary growth. The steady implementation of economic reforms will contribute to further raising the potential for growth.
- In Japan, economic activity has further weakened, and prices continue to decline, Against this background, monetary policy should keep providing ample liquidity. Vigorous implementation of financial and corporate sector reforms is needed to lay the foundation for stronger economic growth over the medium term. We welcome the recently announced reform initiatives, which will contribute to this end.

3. Emerging market economies are unevenly affected by global economic developments. Growth rates in some countries have slowed towards a more sustainable rate, while in others they have decelerated sharply. We welcome the progress achieved in many countries in increasing their resilience against potential crises and the steps taken over the last year to strengthen the international financial system to better prevent crises. However, recent developments in emerging markets point to the need for further progress in reinforcing domestic financial systems and the underlying fiscal positions. Recent measures taken in Argentina and Turkey represent positive steps in this direction. We commend these efforts and encourage the continued implementation of their reform programs in close collaboration with the IMF and other relevant international financial institutions.

4. High and volatile oil prices are a concern for the world economy, in particular for the most vulnerable developing countries. Increased and diversified energy supplies, improved energy efficiency, expanded infrastructure and stable oil markets are important objectives. Oil producing and oil consuming countries should remain in close contact.

5. In addition to the policies we are pursuing in our own economies, we agreed today that co-operation on three further elements is important to a strengthened global economy:

- the launch of a new trade Round;
- action to enhance the stability and integrity of the international financial system;
- actions to ensure that the poorest countries are not left behind, including the implementation of the Heavily Indebted Poor Countries (HIPC) Initiative.

Launching a New Trade Round

6. Sustained economic growth world-wide requires a renewed commitment to free trade. Opening markets globally and strengthening the World Trade Organisation (WTO) as the bedrock of the multilateral trading system is therefore an economic imperative. It is for this reason that we pledge today to engage personally and jointly in the launch of a new ambitious Round of global trade negotiations at the Fourth WTO Ministerial Conference in Doha, Qatar this November.

7. We are committed to working with developing countries, including the least developed, to ensure that the new Round addresses their priorities through improved market access and sounder, more transparent trade rules. We recognise that there are legitimate concerns in implementing the Uruguay Round Agreements. We welcome the steady progress made so far on implementation issues and are ready to examine ways to make further progress in connection with the launch of a new Round. Capacity building is essential to integrate developing countries

into the trading system, and we are intensifying our efforts to assist in this area, including with international institutions.

8. In the interests of all, the new Round should be based on a balanced agenda, while clarifying, strengthening and extending multilateral rules. An improved dispute settlement mechanism is central to this effort. Increased transparency in the WTO itself is also important to strengthen confidence in the global trading system. The WTO should continue to respond to the legitimate expectations of civil society, and ensure that the new Round supports sustainable development.

9. We recognise the importance of expanding WTO membership on meaningful economic terms. We welcome the fact that negotiations with China are now almost completed and that progress is being made towards Russia's accession. We shall strongly support other applicants in their efforts to meet the conditions for an early membership, with a view to making the WTO a truly universal organisation.

Strengthening the International Financial System

10. Increasing global growth and prosperity depends crucially on a sound and stable international financial system. We are united in our determination to continue to strengthen it to prevent financial crises, to limit the impact of those that inevitably do occur, and to tackle financial abuses.

11. Since the Okinawa Summit a number of important steps have been taken, including: measures to increase the effectiveness of crisis prevention by reinforcing the International Monetary Fund (IMF) surveillance and encouraging the implementation of the key international codes and standards; involving the private sector in crisis prevention and resolution; streamlining and reforming IMF lending facilities; and enhancing IMF transparency and accountability. These efforts should be maintained.

12. Looking forward, we endorse our Finance Ministers' recommendations for action to further strengthen the international financial system and their commitment to foster international consensus in this endeavour. In particular, the international financial institutions and the G7 countries should stand ready to help countries adopt the policies required to ensure sustained access to capital markets. We also support our Finance Ministers' suggestions to further develop the framework for private sector involvement.

13. The Multilateral Development Banks (MDBs) have a central role to play in combating poverty by promoting productivity growth and supporting equitable and sustainable economic development, thus contributing to the achievement of the 2015 International Development Goals. To this end, we welcome and endorse our Finance Ministers' recommendations for reforming the MDBs and sharpening their focus on core social and human investments, in particular health and education. We encourage the MDBs to continue to evaluate their internal structure in order to enhance their operational effectiveness. We attach particular importance to:

- strengthening co-ordination among MDBs;
- enhancing their internal governance, accountability and transparency;
- reviewing their pricing policies with a view to enhancing the development impact of the resources available;
- promoting good governance in borrowing countries.

We call on MDBs to provide support for global public goods, such as fighting infectious diseases, facilitating trade, fostering financial stability and protecting the environment. We support a meaningful replenishment of IDA and, in that context, we will explore the increased use of grants for priority social investments, such as education and health.

14. We reaffirm our support for the multilateral effort against abuses of the global financial system and endorse our Finance Ministers' recommendations to address this challenge. We welcome the efforts several jurisdictions are making to address weaknesses in their anti money laundering regimes. We endorse the recent Financial Action Task Force decisions de-listing four jurisdictions and recommending the adoption of additional counter-measures against the most uncooperative ones if they do not take appropriate action by September 30, 2001. The International Financial Institutions have an

important role in helping jurisdictions improve their anti money laundering regimes and we urge them to step up their efforts in this regard. We encourage progress in assessing adherence to supervisory and regulatory standards in Offshore Financial Centres. We look forward to the 2001 OECD progress report on harmful tax practices and support the work, as envisaged by our Finance Ministers, aimed at addressing such practices. We ask our Finance Ministers for further work in these areas.

HIPC

15. The Enhanced HIPC Initiative we launched in Cologne aims to increase growth, reduce poverty and provide a lasting exit from unsustainable debt, by reducing debt on the basis of strengthened policy reforms. We welcome the important progress that has been achieved in implementing the Initiative. At Okinawa nine countries had qualified for debt relief. Now, twenty-three countries (Benin, Bolivia, Burkina Faso, Cameroon, Chad, The Gambia, Guinea, Guinea Bissau, Guyana, Honduras, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Sao Tomé and Principe, Senegal, Tanzania, Uganda and Zambia) are benefiting from the Initiative, with an overall amount of debt relief of over $53 billion, out of an initial stock of debt of $74 billion. This will significantly reduce their debt service, thus freeing resources for social sector expenditure, in particular education and health.

16. We have all agreed as a minimum to provide 100% debt reduction of official development assistance (ODA) and eligible commercial claims for qualifying HIPC countries. We urge those countries that have not already done so to take similar steps, and we underline the need for the active and full participation of all bilateral creditors in providing timely debt relief to HIPCs.

17. We encourage HIPCs that have not yet reached their decision point to quickly undertake the necessary economic and social reforms, including the development of a strategy for overall poverty reduction in cooperation with the World Bank and the IMF. Economic, structural, and social reforms, improved governance, and a strengthened ability to track poverty-reducing expenditures are necessary to ensure the maximum benefit of debt relief. In particular, we call upon those countries involved in military conflicts to lay down their arms, and implement the necessary reforms. We confirm our willingness to help them take measures needed to come forward to debt relief. We pledge to continue working together to ensure that the benefits of debt relief are targeted to assist the poor and most vulnerable.

Nuclear Safety

18. We welcome Ukraine's permanent closure of the Chernobyl Nuclear Power Plant on 15 December 2000, which was a vital accomplishment in support of nuclear safety.

NOTE: An original was not available for verification of the content of this joint statement.

Satellite Remarks From Genoa, Italy, to a Tax Relief Celebration in Kansas City, Missouri

July 20, 2001

Well, Dick, thank you very much. And I want to say hello from Italy. I'm in Europe today for a summit meeting with the leaders of the world's most industrialized economies, but I couldn't miss this important day for America. Today the benefits of tax relief begin coming home for everyone who pays income taxes in America. Tax relief is now as real as a stamp, an envelope, and a check—first, in the mailbox and very soon in the hands of our American taxpayers.

You know, this really isn't a gift from the Government. This is a refund of your own money, money you've earned and money you'll now be able to spend.

In February I told the American people that our Federal Government was overcharging them. I said the Federal Government was overcharging them, and on your behalf, I demanded a refund. Congress worked with me in a bipartisan way, and now your money is on its way back to you.

You may choose to buy something your family needs. You may choose to pay your bills, reduce credit card debt, or save for the