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Trade unions welcome G8 action and call for extended debt relief

Brussels: 15 June 2005 (ICFTU Online): The ICFTU, together with TUAC (*), today welcomed the announcement of debt cancellation by G8 finance ministers.

Following a 2 day meeting in London (10-11 June), Ministers announced a package which will mean that 18 countries will have 100% of debts cancelled which they currently owe to the International Monetary Fund (IMF), World Bank and African Development Bank. The ICFTU has called for debt cancellation for low-income indebted countries for over a decade and earlier this year joined the world's largest ever anti-poverty coalition, the Global Call to Action against Poverty (GCAP), which is campaigning for debt cancellation, more and better aid, and trade justice.

In hailing the development as a "significant step", the ICFTU also recalled that the 18 countries that would benefit from the plan - provided it is approved at next September's annual meetings of the IMF and World Bank -- constitute less than one-third of the low-income countries with an unsustainable debt burden.

For example, Haiti, which is the poorest country in the Americas, is not among the 18. In January 2005, the almost-bankrupt government of Haiti was obliged to reimburse \$52.6 million to the World Bank in order to become eligible for renewed World Bank lending.

Therefore, last weekend's debt cancellation plan must be a first step towards further debt relief for an increased of heavily indebted countries.

The G8 plan requires that countries must abide by the terms of the Highly Indebted Poor Countries (HIPC) programme, which includes a requirement to observe the structural adjustment programmes designed by the IMF and World Bank. Such programmes include conditions such as privatisation of public services and rigid ceilings on government expenditures, regardless of the social costs. These conditions, imposed on poor countries on the doubtful premise that they enhance growth, frequently reduce services to the poor and will impede achievement of the UN's Millennium Development Goals (MDGs).

The ICFTU and TUAC therefore call on industrialised countries to extend full debt cancellation to all low-income countries respecting human rights that have a shortfall of resources to meet the MDGs. The debt write-off should not be dependent on structural adjustment conditionality and should not reduce the aid they receive from multilateral donors or other sources. Furthermore, debt relief must be accompanied by the adoption of new mechanisms to increase financial flows to developing countries, for example through international taxation such as a Tobin tax.

All these proposals were highlighted in the trade union statement to the G8 Summit, which an international trade union delegation will be discussing at an upcoming meeting on 28 June in London with British Prime Minister Tony Blair, host of the 2005 G8 Summit.

(*) TUAC is the Trade Union Advisory Committee to the OECD

The ICFTU represents 145 million workers in 233 affiliated organizations in 154 countries and territories. ICFTU is also a partner in Global Unions: <http://www.global-unions.org>

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