



**South-South Continental Action
for a new millennium free
of debts and domination**

**Secretariat: alc Diálogo 2000
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**To Mr. Luis Alberto Moreno
President of the Inter-American Development Bank
1300 New York Avenue, NW
Washington, DC 20577
United States of America
Fax: (202) 623-3096**

**Cc.: Governors
Executive Directors**

Ref: Debt Cancellation of Bolivia, Guiana, Honduras, Nicaragua e Haiti

27 November 2006,

Dear Mr. President
Inter-American Development Bank
Luis Alberto Moreno,

In the prospect of the 17th of November, 2006 meeting of the Inter-American Development Bank to deal with the proposal of cancelling the debts claimed from Haiti, Bolivia, Honduras, Nicaragua and Guyana, the Jubilee South Americas sent a letter to the Bank the day before (16/11), requesting more information on the process. Additionally we requested the full, immediate and unconditional cancellation of the debts, emphasizing the political, economic and social situation of these countries and more specifically Haiti, the poorest country of the region.

Given the opportunity, we also requested the realisation of a collective meeting with civil society organizations and social movements from the several countries of the region directly and indirectly affected by the proposal, so that we could present our demands and concerns resumed in that letter. Unfortunately, up to now we have not received any reply from the Bank.

We recognise the importance of the IDB 's decision to cancel the debts of these countries, but we regret the fact that the Bank, is not only ignoring the requests from civil society organizations of the continent, but has also not released any official document regarding the decisions of that meeting, as well as on the process itself. We insist on the need for more transparency and wider participation of civil society in the negotiation process.

We urge the Bank to cancel the full amount of the debts and not only the debts with the cut-off dates of 2003 or 2001 and also to contemplate the debts of the Ordinary Capital (OC) in the cancellation. As we pointed out in our previous letter, the current value of the debt of these countries claimed by the IDB reaches US\$ 3,8 billion (from the Fund For Special Operations - FSO



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- excluding the US\$ 476 million of the OC not considered in the proposal). Considering that solely the debts of the FSO are being contemplated, in the case of the cut-off date 2001, the cancelled debt will reach US\$ 1,6 billion, and if 2003 is the cut-off date, the amount will be US\$ 2,1 billion.. This way, the countries will keep being requested to pay the sum of US\$ 2,1 billion if the reference year is 2001 and US\$ 1,6 billion if the reference year is 2003. Regarding Haiti in particular, from a US\$ 556 million debt claimed from the IDB (of a total of US\$ 1,3 billion) in the case of the 2001 cut-off date, the country will continue with a debt of US\$318 million and US\$ 215 million in the case of 2003, without considering the debt of the OC. This is unacceptable!

What mostly worries us in the case of Haiti is that the country will not be contemplated in the proposal, before implementing structural reforms imposed by the International Financial Institutions (IFIs), through the HIPC and PRSP programmes which means that the country will most probably have to wait until 2008 or 2009 to have its debts cancelled. These reforms are in fact responsible for the socio-environmental, economic and cultural deterioration of Haiti and the other countries in the region.

It is unfair to demand debt repayment from a country where 45% of its debt was created during the cruel dictatorships of François and Jean-Claude Duvalier with the complicity of the IFIs. This applies also to the other four countries requested to pay this illegitimate and odious debt. These reforms - privatizations and trade and financial liberalization - are gradually compromising the national and social sovereignty and are increasing the dependence of these Latin American and Caribbean countries to the countries of the north.

A wider liberalization of the Haitian economy and the implementation of more tax-free zones will only increase even more the ecological and social debt of the country. The import tariffs of some agricultural products as maize, for instance, is already low - 15% - and for other products may reach 0,3%, which is extremely lower than the 35% to 45% tariff applied in the Common Market Caribbean Community (CARICOM). As a result, there has been a huge increase in imports due to the unfair competition. Three agricultural sectors are most affected by free trade: rice, sugar and chicken. In these sectors, in less than three years, 831,900 jobs have been lost. Another indicative fact is the growth in food imports: in 1970 food imports represented US\$ 10 million, while currently Haiti imports food worth US\$ 300 million annually. Today, Haiti imports 49% of the food it consumes. Not surprisingly 82% of the exports revenues are directed to pay for imports. This is a country that a short time ago was self sufficient in agricultural production.

For the Haitians, trade liberalization and tax-free zones represent the destruction of their agricultural capacity, gradually reducing local production and increasing the dependence on countries of the north like the USA, for instance. Apart from the impacts on agriculture, since the tax-free zones are beyond State control, labour laws and fundamental human rights are regularly violated.



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As if this was not enough, more privatizations of public services are demanded – although most of the services are already controlled by the private sector – which will thus restrict access to them by most of the population. At least 88% of the Haitian schools are private and only 8% of the government's budget is directed to education, for instance.

As such, we continue to demand:

- the full, immediate and unconditional cancellation of the debts of Haiti, Bolivia, Guyana, Honduras and Nicaragua;
- the inclusion of other regional countries in the cancellation process;
- that Haiti will not have to implement any conditionality for this;
- the publication in Spanish, Portuguese and Creole of the official documents of IDB explaining the cancellation process;
- a meeting with civil society organizations and social movements from all the countries of the region directly and indirectly affected by the proposal;
- that the meeting planned for January 2007 in Amsterdam - where the Bank will conclude its proposal - will count on the participation of civil society representatives, at least from the five countries directly involved.

Awaiting a prompt reply,

Sincerely,

Jubilee South/Americas

Ecological Debt Southern Peoples Creditors Alliance

Dialog 2000, Argentina

Jubilee South Network/America – Citizen Auditing of Debts Campaign, Brazil

Jubilee South Network/Americas - Brazil Network on Multilateral Financial Institutions, Brazil

Women and Economics Working Group, Colombia

Martin Luther King Memorial Center, Cuba

Ecological Action, Ecuador

Sinti Techan Network, El Salvador

Action Platform for an Alternative Development in Haiti (PAPDA) - Haiti

Association of Haitian Professionals Educated in Cuba (APROHFOC)- Haiti

Konbit Fanm, Haiti

Group in Support of Refugees and Repatriated (GARR), Haiti

Sabanet Youth Group (Rajes), Haiti

Popular Democratic Movement (MODEP), Haiti

CHANDEL, Haiti



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Karl Léveque Cultural Instituto (ICKL), Haiti
Solidarity of Haitian Women (SOF), Haiti
Bloque Popular, Honduras
CAFRA, Santa Lucía
FITUN, Trinidad y Tobago
COMPA, Venezuela
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International Gender and Trade Network
ESPLAR – Centro de Pesquisa e Assessoria, Brasil
Action Aid Américas