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## **PRESS RELEASE**

### **EU-ACP Assembly calls for a new debt relief mechanism for indebted ACP countries**

*Committee on Economic Development, Finance and  
Trade*

Lome, 21 - 23 Novembre 2011

*Directorate-General for Communication*  
**EUROPEAN PARLIAMENT**

# DEBT RELIEF

Debate: 22/11/2011

Vote: 23/11/2011

**Co-rapporteurs: Mr Amadou Ciré Sall (Senegal) and Mr Robert Sturdy**

## **EU-ACP Assembly to call for a new debt relief mechanism for indebted ACP countries**

**A new debt offsetting mechanism should be worked out for indebted African, Caribbean and Pacific (ACP) countries, according to draft resolution to be voted on Wednesday by Members of the European Parliament and their ACP counterparts at their meeting in Lome, Togo. They add that ACP countries should make efforts to combat corruption, fraud and tax evasion.**

One third of ACP countries are either in debt distress or at a high risk of getting into it, and the global financial crisis is aggravating the debt situation as a result of the contraction in global trade and the collapse of commodity exports, stresses a draft resolution to be adopted by the EU-ACP Joint Parliamentary Assembly (JPA).

### **Indebtedness can lead to state failure**

In Monday's debate on the resolution, Frank Engel (EPP, LU) underlined that the debt level must remain reasonable, as a country spending half of its income on debt repayment was not able to fulfil its obligations as a state.

"Even in Europe, formerly sustainable debt is becoming excessive", stressed Bobbo Hamatoucour of Cameroun. "Borrowing has led to more borrowing, creating a vicious circle that led to poverty", said Zimbabwean MP Makoshini Hlongwane, adding that indebtedness "creates dependency that kills initiative".

Norbert Neuser (S&D, DE) stressed the need for a worldwide taxation of financial transactions. "We should not use this crisis to decrease development aid", said JPA Co-President Louis Michel (ALDE, BE).

### **Debt offsetting mechanism needed**

The draft resolution calls on the EU and ACP countries to work out a model for a debt offsetting mechanism for indebted countries. This could take the shape of debt cancellation, rescheduling, repayment, or a mix of these options, on a case-by-case basis, taking into account the particular situation of the country in question.

### **Increased spending on education and health care**

The JPA underlines that any additional funds obtained through debt cancellation should be allocated to increase social expenditure in areas such as basic education, primary health care and measures to combat HIV/AIDS.

According to the draft text, the due servicing of ACP countries' foreign and domestic debt should be taken seriously. The draft resolution also stresses that ACP countries should step up their efforts regarding budgetary control, the fight against corruption, fraud, and tax evasion, and to create an investment-friendly climate by guaranteeing legal certainty.

[http://www.europarl.europa.eu/intcoop/acp/2011\\_lome/default\\_en.htm](http://www.europarl.europa.eu/intcoop/acp/2011_lome/default_en.htm)

Link to website of the ACP/EU Joint Parliamentary Assembly

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