

# EUROPEAN PARLIAMENT

2004



2009

---

*Session document*

5.1.2005

B6-0024/2005

## **MOTION FOR A RESOLUTION**

to wind up the debate on statements by the Council and Commission

pursuant to Rule 103(2) of the Rules of Procedure

by Frithjof Schmidt, Marie-Hélène Aubert and Bernat Joan i Marí

on behalf of the Verts/ALE Group

on developing country debt

**European Parliament resolution on developing country debt**

*The European Parliament,*

- having regard to Resolution 2001/27 of the United Nations Commission on Human Rights on the effects of structural adjustment policies and foreign debt on the full enjoyment of all human rights, particularly economic, social and cultural rights,
  - having regard to the Jubilee 2000 petition, signed by 24 million people calling for the cancellation of developing country debt,
  - having regard to Rule 103(2) of its Rules of Procedure,
- A. whereas the debt owed by developing countries stood at around 2 450 billion dollars in 2001 when it was only 560 billion dollars in 1980 and those countries repaid 3 400 billion dollars over that period,
- B. whereas twenty years after the onset of the debt crisis in 1982, indebted countries have repaid more than seven times what they owed and today are four times further in debt,
- C. whereas the foreign debt of developing countries in general and of the LDCs in particular is one of the main drains on the economic and social development efforts of these countries,
- D. whereas in the 1960s the industrialised countries and the international financial institutions encouraged the countries of the South, including the newly-independent African countries and the countries of Latin America, to borrow,
- E. whereas the massive debts contracted by the leaders of countries of the South have been of no benefit to their peoples and a large proportion of the sums borrowed has been misappropriated by dictatorships in those countries,
- F. whereas the concept of odious debt was used for the first time in 1898 when the United States annexed Cuba and refused to pay Cuba's debt to Spain on the pretext that the loans granted had not served the well-being of the population and that odious debt expired with the change of regime,
- G. whereas the LDCs, the majority of which are heavily indebted African countries, are continuing to make repayments amounting to almost 40% of their GDP and those countries' debt burden is a bottleneck for development,
- H. whereas in 1996 the World Bank, the IMF, the G7 and the Paris Club launched the debt alleviation initiative for heavily indebted poor countries (HIPC),
- I. whereas according to the 2002 UNCTAD report, and after two decades of structural adjustment programmes, poverty is continuing to increase, growth is somewhat erratic,

rural crises have worsened and de-industrialisation has prejudiced prospects for growth,

- J. whereas in order to break the spiral of poverty into which the HIPC's are locked there is an overriding need to substitute the exclusive rationale of economic growth with the concept of sustainable endogenous development that meets the needs of the majority of the population,
1. Calls on the EU Council to launch a daring initiative to cancel the debt of the poorest countries and release the funds needed to achieve the Millennium Development Goals;
  2. Calls on the EU Council to view the loans contracted by the countries of the South under dictatorships as an odious debt that should not be taken over by democratically elected regimes;
  3. Urges that in the future no loan be granted without the approval of the democratically elected national parliaments of the countries concerned, and considers that the sum released through debt cancellation needs to be managed by a fund for socially and ecologically sustainable development that is democratically controlled by the local populations;
  4. Emphasises that management of the developing country debt crisis and the remedy proposed in the Washington Consensus, including the initiative in favour of the HIPC's, have not enabled the debt spiral into which those countries have been locked for twenty years to be broken, thereby jeopardising any strategy for sustainable development;
  5. Considers it unacceptable that the LDCs, including the majority of African countries, are continuing to make repayments amounting to almost 40% of their overall budget in order to service their debt when considerable sums are needed to develop the education system and basic healthcare facilities;
  6. Regrets that the implementation of structural adjustment programmes by the poorest countries is an essential precondition for qualifying for the HIPC initiative, and points out that the conditions imposed by financial institutions, including the World Bank and the IMF, with a view to restoring macroeconomic balances have contributed to a marginalisation and impoverishment of the population;
  7. Calls for the application of the United Nations Declaration on the Right to Development of 1986, and takes the view that the EU should treat the right to development, which is a universal and inalienable human right, in the same way as the other fundamental rights;
  8. Calls for a revision of the WTO rules with a view to achieving the sustainable development objectives set at Rio in 1992, and takes the view that these objectives must serve as a reference point for the drawing-up of new rules on the mechanisms governing the world economy, with a view to effectively combating poverty;
  9. Instructs its President to forward this resolution to the Council, the Commission and the United Nations Secretary-General.