

GLOBAL NETWORK FOR JUSTICE

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The Asian Tsunami: The Challenge after the Jakarta Summit, Oxfam Briefing Note. 7 January 2005

The Emergency meeting held on 6 January 2005 in Jakarta represented world governments' unprecedented response to the tsunami that struck the countries around the Indian Ocean on 26 December 2004. After it, the clear priorities for governments and others are to:

* Contribute the full US\$ 977 million requested by the UN Secretary General for urgent humanitarian aid in the immediate future – setting a firm deadline for funds to be paid when international donors meet in Geneva on 11 January.

- Make a 'double humanitarian pledge' at the donors' meeting on 11 January – combining funds for the survivors of the tsunami with the pledge to fully fund the UN's 2005 Humanitarian Appeal for US\$ 1.7 billion for those affected by the world's 14 other major humanitarian crises.
- Support the UN Emergency Relief Coordinator as the leaders of international humanitarian assistance, in cooperation with the tsunami-affected governments.
- Contribute further military assets in response to UN requests, to provide vital but temporary support for the humanitarian response.
- Ensure that affected minority and opposition groups receive aid without discrimination.

- Swiftly fund reconstruction strategies, developed by each affected government with the participation of the affected people themselves and their civil society, ensuring that the strategies specifically aim to reduce poverty.
- Confirm that all tsunami-related aid is in addition to existing aid commitments and will not be taken from current aid budgets.
- Agree a moratorium on debt repayments from affected countries when the Paris Club meets on 12 January. Members should also commission an urgent assessment to determine what level of debt is now sustainable, after the tsunami, for each of the indebted affected countries, and they should be prepared to cancel the remainder of the debt.
- Remove EU and US tariff barriers to textile and clothing exports from tsunami-affected countries.
- Encourage transnational clothing companies to defer any decision to shift production out of tsunami-affected countries.
- Use the extraordinary momentum of the international response to make 2005 the year in which governments effectively aim to achieve the Millennium Development Goals, by immediately providing additional aid worth at least US\$50 billion; canceling debt for the poorest countries; and preparing to conclude the Doha Trade Round in 2006 to make global trade rules work for the poor. **The whole article can be accessed at www.oxfam.org**

OXFAM Press Release, 11 January 2005

Debt mustn't stand in the way of recovery
Rich countries meeting in Paris today must not only suspend all debt repayments from Tsunami Affected countries, but go further and cancel a substantial proportion of the debts permanently, international agency Oxfam said today. Any cancellation or moratorium should only have one condition; that it is spent transparently on poverty reduction and reconstruction.

The 'Paris Club' of rich country creditors are gathering to decide what if anything to do about the huge debts owed to them by the countries devastated by the Tsunami.

These debts are massive, to give an idea of the scale of these repayments; With just one days repayments Indonesia could still afford 100 desperately needed aid flights. With a months debt repayments they could pay three thousand flights. India could help provide 18 million people with emergency clean drinking water with just one day's repayments.

Oxfam is today calling on rich countries in the "Paris Club" to not only suspend debt repayments – only to land poor countries with hefty repayments later – but cancel enough debt to make repayment feasible in the future.

"The countries affected by the Tsunami need significant amounts of debt cancelled not simply postponed, to invest in reconstruction and poverty reduction. Only then will they be able to build a better future rather than simply rebuilding the poverty of the past.

"The Tsunami has highlighted the pernicious impact of debt on poor countries. But it's not only these countries that need debt cancellation. Debt repayments contribute to global poverty that kills the equivalent of this Tsunami every week.

"Action at the 'Paris Club' on debt reduction is imperative, to be speedily followed by debt cancellation for the world's poorest countries," said Phil Bloomer, Oxfam's Head of Advocacy.

Debt relief for Tsunami affected countries must not come at the cost of providing debt relief for other poor countries. Cancellation of unpayable debts for all the poorest countries is essential as a vital step to achieving poverty reduction and the Millennium Development Goals. The poorest countries pay \$100 million dollars a day back to rich countries in debt repayments, vital

resources that can be used for development and poverty reduction.

Any decision to relieve the debt burden of those affected by the Tsunami should be linked to a broader deal on further debt relief for the poorest countries to be agreed at the G7 finance ministers meeting in early February.

An independent and transparent assessment of what is sustainable debt burden for the Tsunami affected countries should be carried out as a matter of urgency and debt above this level canceled.

Notes

In Indonesia, Thailand, Sri Lanka and India together paid \$50 billion in debt service. Of this \$7 billion went to rich country governments such as Japan, UK and the US. Indonesia owes Britain \$644 million dollars, 44% which was as a result of arms sales. By far the biggest creditor for Indonesia is Japan, owed \$29 billion. Indonesia's debt payments for 2004 are 10 times more than spending on health and 33 times more than spending on housing. A debt moratorium for 2 years was agreed following the devastating Hurricane Mitch in 1999 and after the floods in Mozambique in 2000, under pressure from campaigners globally. However, a moratorium will only postpone the problem, and does nothing to tackle the root cause. *For more information visit www.oxfam.org*

New Orleans Bread for the World

Loyola University New Orleans

Campus Box 907

New Orleans, LA 70118

Phone: 504. 861- 5834 Fax : 504. 861- 5833

Email: gcnfj@loyno.edu

Website: www.globalnetwork4justice.org

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In The Face of Debt and Disaster, Lasting Relief for South Peoples

