



Halifax
INITIATIVE
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September 29, 2004

The Right Honourable Paul Martin
Prime Minister of Canada
80 Wellington Street
Ottawa, Ontario
K1A 0A2

RE: An Open Letter to Prime Minister Paul Martin Calling for the Cancellation of the Debts of the Poorest Countries.

Dear Prime Minister,

Perhaps more than any other G-7 leader, you are aware of the importance of debt cancellation for impoverished countries, and the failures of past strategies to address the debt issue. Despite important gains secured by current debt relief strategies, poor countries still spend more on debt service than on health and education. Countries in Africa continue to pay more for debt servicing than they receive in development assistance, and in most cases this amount is greater than their budgets for health and education combined.

As you know, in the coming days the world's richest countries may be set to take a dramatic and necessary step to cancel the debt of some of the poorest countries. We call on the Government of Canada to ensure that the lessons of past efforts are incorporated in new plans, and that the political will is shown by G-7 leaders to ensure that poor countries are finally able to get off of the debt treadmill.

We call on Canada to support

- the immediate and unconditional cancellation of 100% of the debts owed by all low-income countries to multilateral financial institutions;
- recognition that neither the people of Iraq, nor citizens of other countries formerly ruled by dictators, should be obliged to repay odious debts;
- that countries who receive debt cancellation be free to implement their own national development strategies with no strings attached to cancellation; and,
- credit on accessible terms for the world's poorest countries.

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The undersigned and the hundreds of thousands of Canadians who joined the Jubilee debt campaign, and who continue to be active in the struggle for debt cancellation, call on the Government of Canada to push for 100% debt cancellation without condition when G-7 Finance Ministers meet on October 1 and in the context of the World Bank and IMF Fall meetings the following weekend.

Full debt cancellation is attainable and affordable without undermining existing or future development assistance. A key consideration should be that cancellation be in addition to current development assistance being provided to the poor. The new plan should also not absolve the World Bank and the IMF of the role that they played in creating the conditions for the current debt crisis facing so many poor countries.

The best approach to paying for debt cancellation would be through the use of World Bank and IMF resources, including World Bank loan loss provisions (worth US\$4 billion as of June 30 2003) and World Bank retained earnings (US\$27 billion as of the same date) as well as the IMF's 103.4 million ounces of gold with a market value of about US\$42 billion. This method has the added benefit that it will not compromise existing or future genuine development assistance.

Neither of the current proposals from Prime Minister Blair nor President Bush use this approach even though it would be the most effective and responsible way to pay for debt cancellation.

The approach we have recommended could be a key contribution for Canada to make in the current negotiations. The proposal avoids having to redirect present or future development assistance to reimbursement of the World Bank it also ensures that these institutions are held to account for their past failures. It would not undermine their ability to support genuine international development in the future.

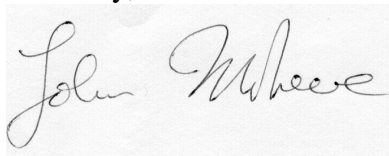
We call on Canada to show leadership and to play the role of honest broker to push its G-7 colleagues to develop a plan for debt cancellation that will contribute to achieving the Millennium Development Goals and improving the livelihoods of people worldwide.

To do this, the cancellation must be 100% complete for all of the poorest countries who need it and be unconditional so that countries can follow the development paths that their citizens have called for, rather than those developed in closed rooms in Washington.

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Prime Minister Martin, this is a key opportunity for Canada to show the international leadership you spoke of in the lead up and during the last federal election. We hope that the Government of Canada will use this opportunity to secure a lasting solution to the debt crisis facing the poorest countries.

Sincerely,



John Mihevc, Chair
Halifax Initiative Coalition

Cc: Hon. Ralph Goodale, Minister of Finance
Hon. Pierre Pettigrew, Minister for Foreign Affairs
Hon. Aileen Carroll, Minister of International Cooperation
Mr. Marcel Massé, Executive Director for Canada, World Bank
Mr. Kevin Lynch, Executive Director for Canada, International Monetary Fund

Halifax Initiative Coalition members:

- Canadian Catholic Organization for Development and Peace
- Canadian Conference of Catholic Bishops, Social Affairs Office
- Canadian Council for International Co-operation
- Canadian Labour Congress
- CoDevelopment Canada
- C U S O
- Friends of the Earth Canada
- Kairos: Canadian Ecumenical Justice Initiatives
- MiningWatch Canada
- North-South Institute
- Oxfam Canada
- RESULTS Canada
- Rights & Democracy
- Social Justice Committee
- Toronto Environmental Alliance
- World Interaction Mondiale

Other organizations who have endorsed this letter:

- Alberta Council for Global Cooperation (ACGC)
- Basaynon Katig-uban, Canada
- Canadian HIV/AIDS Legal Network
- Guatemala Breaking the Silence Network
- McGill Global Aids Coalition
- McGill International Health Initiative
- Oxfam-Québec
- Partnership Africa Canada
- Rainbow of Hope for Children
- Saint Mary's University Activist Coalition
- UPA Développement international