

Brussels, 14<sup>th</sup> July 2008

Hon. European Development Ministers and Members of the EU Parliament,

**Re: Open letter to the European Development Ministers and Members of the EU Parliament calling for immediate debt cancellation for Haiti**

Civil society organisations from across Europe are calling on European Governments and members of the EU Parliament's Development Committee to take the initiative for immediate **bilateral debt cancellation for Haiti** and also **support multilateral debt cancellation**, or a moratorium on all debt service payments until such a time as Haiti's debt is cancelled.

With food prices on the rise in Haiti and social unrest in the impoverished nation increasing, Haiti can ill afford to make debt service payments of US\$58.2 million in 2008.

This amounts to over US\$1 million per week and represents scarce funds which could be better spent addressing the current food crisis and helping Haiti recover from years of economic, political and environmental turmoil.

In 2009, Haiti is projected to pay-out US\$50.9 million in debt service payments to its creditors. If it does not reach completion point under the Heavily Indebted Poor Countries (HIPC) Initiative, this sum will rise to US\$59.6 million. Given current political and social turmoil in the country it is highly likely that completion point under the international debt relief scheme will be delayed. This means that debt cancellation will happen too late for a country that currently cannot afford to feed its own people.

Moreover, much of Haiti's debt was incurred during the Duvalier dictatorship and Haitian citizens benefited little, if at all, from these loans. Several reports and analyses have shown evidence of the illegitimate and odious origin of Haiti's debt. In particular the recent decision of the Switzerland government to freeze 7 million Swiss francs retained by the Duvaliers family in Swiss banks until Sept 2008, and deliver this money to the Haitian government if the owners cannot prove that it is legitimate money, confirm this evidence. Furthermore, the U.S. Congress has recognized the injustice of this burden for Haiti, and is about to adopt a resolution to demand the total cancellation of Haiti's external debt.

International creditors should recognise the co-responsibility they have in the accumulation of illegitimate debt and cancel these debts immediately.

Europe is in a powerful position to exercise political and moral leadership with respect to Haiti. The World Bank, IMF and Inter-American Development Bank are Haiti's most important multilateral creditors and Europe wields extensive power within the Boards of the World Bank and IMF. Europe should use this influence to call for immediate multilateral debt cancellation for Haiti.

In 2008 Haiti owed a total of US\$ 1.6 billion to external creditors. US\$ 1 billion of this is owed to multilateral lenders such as the World Bank and Inter-American Development Bank.

Haiti also owes bilateral creditors important sums. Several European countries are among Haiti's most important bilateral creditors. In 2006 Haiti owed Italy approximately US\$ 70 million; France US\$ 65 million and Spain US\$ 39 million. These sums represent relatively little to some of the world's wealthiest nations but could mean critical investments in the development of Haiti's agricultural, health and education systems could take place.

Since 2005, EU Governments have committed themselves to "finding solutions to unsustainable debt burdens, in particular the remaining multilateral debts of HIPCs, and where necessary and appropriate, for countries affected by exogenous shocks and for post-conflict countries" (European Consensus on Development, 2005). Haiti qualifies for special attention under all three of these criteria.

France is a key creditor and will hold the Presidency of the European Union from 1 July 2008. In the context of current discussions over the global food crisis, and knowing that on 12 June 2008, the Paris Club agreed to a moratorium on Togo's debt repayments due to the food crisis, Europe must put the issue of immediate debt cancellation for Haiti firmly on its political agenda.

Yours Sincerely,

1. Charles Arthur, Director, Haïti Support Group, UK
2. Chris Bain, Director, CAFOD-Catholic Agency for Overseas Development, UK
3. Colette Lespinasse, Director, Groupe d'Appui aux Réfugiés et Rapatriés (GARR), Haïti
4. P. Jan Hanssens, Director, Commission Nationale Justice et Paix
5. Jeremy Hobbs, Director, Oxfam International
6. Luc Claessens, Director of Broederlijk Delen, Belgium
7. Nick Dearden, Director, Jubilee Debt Campaign, UK
8. Nico Roozen, Director, Solidaridad, the Netherlands
9. Paul Chitnis, Chief Executive, Scottish Catholic International Aid Fund (SCIAF), UK
10. Raphael Yves-Pierre, Director Action Aid Haïti
11. Sony ESTEUS, Director, Sosyete Animasyon ak Kominikasyon Sosyal, SAKS, Haiti
12. Jiri Silny, Director, Ecumenical Academy Prague
13. Camille Chalmers, Executive Director, Plateforme Haïtienne de Plaidoyer pour un Développement Alternatif (PAPDA)
14. Sony ESTEUS, Director, SAKS
15. Pierre Espérance, Executive Director, RNDDH
16. Angelo Simonazzi, Secrétaire Général Entraide et Fraternité, Action Vivre Ensemble/Education, Belgium
17. Gail Hurley, Policy Officer, European Network on Debt and Development (Eurodad), Belgium
18. Alessandra Spalletta, Advocacy Coordinator, Coordination Europe-Haïti (CoE-H), Belgium

19. Anne McConnell, Advocacy Coordinator, Haïti Advocacy Platform Ireland-UK (HAPI-UK), UK
20. Claire-Lise Zaugg, Plate-forme Haïti de Suisse, Suisse
21. Lizzette Robleto Gonzalez, Regional Advocacy Coordinator (LAC), Progressio, UK
22. Franck BARRAU, Secrétaire Général de « Droits de l'homme et gouvernements locaux », France
23. Annie Girard, Réseau Foi & Justice Afrique-Europe, France
24. Antoine Malafosse, CCFD, France
25. Bernard Leray, Collectif Haïti de France
26. Delanoue Muriel, Développer Former Informer (DEFI), France
27. Eddy Genese, Promoteurs Objectif Zerosida (POZ), Haïti
28. Jean Merckaert, Coordinateur de la plate-forme Dette & Développement, France
29. Joseph Maxime RONY, Programme pour une Alternative de Justice, PAJ, Haïti
30. Marie-Paule Fristot, Artisans du Monde (ADM), France
31. Mathilde Bossard, Les Anneaux de la Mémoire, France
32. Roland BIACHE, Délégué national de Solidarité Laïque, France
33. Michèle Demerliat, Solidarité Laïque pour la Haute-Vienne, France
34. Stéphane Compère, CNCD-11.11.11, Belgium
35. Lars Koch, IBIS, Denmark
36. Nessa Ni Chasaide, Debt and Development Coalition Ireland
37. Ben Young, Jubilee Scotland
38. Wiert Wiertsema, Both ENDS, The Netherlands
39. Iolanda Fresnillo, ODG, Spain