

Challenge to the G8 Governments

The gathering of the most powerful countries of the world is an occasion for the people of the world to demand that this G8 Summit address the twin 'tsunamis' that plague humanity today - the food and climate crisis - and the continuing problem of Debt that has contributed significantly to these two crises and exacerbate their impacts.

The Injustice of the Debt Burden and the problem of Illegitimate Debts

The payment of huge amounts of debt service amplifies the effects of the food and climate crises and hampers the ability of countries and peoples of the South to deal with these crises. This is part of the injustice of the debt and for this alone debt cancellation is urgent.

But the debt is more than just the problem of losing much needed resources to debt payments. Debts used for harmful projects or to impose harmful conditionalities such as those which contributed to the food and climate crises are illegitimate debts and should not be paid.

The Food crisis

The high price of oil, worsening climate conditions and price manipulation by domestic and international trading cartels and speculators have certainly contributed significantly to the abrupt, massive increase in the prices of food. But the food crisis can also be traced to economic policies that have been imposed on the countries of the South for decades, with the use of debt, access to credit and debt relief as instruments for coercion.

The combination of several policies that have been part of conditionality packages of the IMF and World Bank have resulted in falling productivity in basic food agriculture, steep increase in the costs of food production, the huge reduction in land used for producing staple food for domestic consumption, and less sustainable agricultural practices.

Fiscal and monetary conditionalities included the removal of state subsidies for production of basic food crops and reduction in spending for public infrastructures such as irrigation systems. Prescriptions for export-oriented high growth economic strategies led to heavy reliance on expensive imported fertilizers and pesticides, massive shifts to non-staple and non-food export crops, and the conversion of agricultural lands to export processing zones. Liberalization of trade gave rise to unfair competition from subsidized food products from the north. Liberalization of finance capital further fueled real estate industries, expanding land use conversion from production of food to private housing estates, golf courses and resorts. The privatization of public services and utilities also meant greater cost of food production and distribution.

In addition, the effects of huge debt payment on government resources include the deterioration and neglect of many public infrastructures needed to boost agricultural production, such as irrigation systems, and farm to market roads.



The ability of many countries of the South to produce sufficiently for their own food needs and keep prices accessible to the domestic market have thus been steadily and dramatically eroding since the 1980's. There has been a significant increase in the number of net food importing countries in the past two decades, diminishing capability to maintain adequate buffer stocks of staple grains, and increasing vulnerability to world food market supply and price dynamics.

Small farmers and landless peasants have had no real benefits from the spiraling increases in food prices, as farm gate prices continue to be low. It is the trading cartels and speculators that have been generating big profits.

The G8 governments bear primary responsibility for the debt burden and the debt-related policy conditionalities that contributed to the food crisis and magnify its impacts. They are the biggest bilateral lenders and the most influential members of international financial institutions. They should act immediately and decisively for the cancellation of all illegitimate debts. The imposition of conditionalities through loans debt and debt cancellation must stop. The G8 governments and the international financial institutions should respect the action of Southern countries to reverse the policies that have led to the food crisis.

The G8 governments also share responsibility for other factors behind the crisis — as governments of countries which are home to the biggest multinational food corporations and food commodities speculators, and as powerful governments shaping bilateral and multilateral trade agreements affecting food. The G8 governments should regulate their predatory corporations and investors, ban speculation on food commodities, and stop pushing unfair trade agreements.

The Climate Crisis

The G8 governments also bear primary responsibility for the climate crisis. Half of the world's green house gas emissions come from the G8 countries. Most, if not all, of the G8 countries are lagging behind the reduction targets of GHG emissions. Even the European Union, with its bold plan of being the first de-carbonized economy in the world, has undermined its own claims by planning to build 40 major new coal power plants in the next five years.

And again, as the most powerful members of international financial institutions, they are accountable for debt-related projects and policies that exacerbate the climate crisis.

The World Bank and the regional development banks are major lenders to projects involving fossil fuel industries, paid for by peoples of the South. The Export Credit Agencies of G8 countries also provide financing to these industries, part of which translates to liabilities of South governments, again paid for by peoples of the South.

Since the signing of the Climate Convention in 1992, and even after instituting “environmental policies,” the World Bank approved more than 133 financial packages to oil, coal and gas extraction projects, comprising mainly of loans but also including equity investments, guarantees and some grants. The total amount exceeds US\$28 billion dollars. Fossil fuel corporations based in G8 countries benefit from almost every project finance package. The International Finance Corporation of the World Bank is increasing its fossil fuel lending portfolio. The Asian Development Bank, to which Japan and the United States are the biggest shareholders, is a major lender to coal, oil and gas projects in Asia, approving close to US\$2 billion worth of loans since the year 2000.

Other loan-financed projects and policy conditionalities of international financial institutions have led to massive deforestation, another major factor to climate change. These include, for instance, the building of large-scale dams, road development in tropical forests, and the promotion of palm oil production for export.

It is indeed ironic and deplorable that with such a record, the G8 governments is granting the World Bank a pre-eminent role in global financing of climate mitigation and adaptation and



the promotion of “clean technology” and “clean development.” In the July 2005 Summit, the G8 declared that the *“The World Bank will take a leadership role in creating a new framework for clean energy and development, including investment and financing.”* The regional development banks are claiming similar roles.

The World Bank announced recently that it will establish Climate Investment Funds (CIFs). Aside from the obvious inappropriateness of the World Bank as manager of these Funds given its role in worsening the climate crisis, the concepts, design and intentions of the funds are seriously flawed.

The G8 governments are not only promoting false solutions through the different facilities under the auspices of these international financial institutions, they are intending to finance these through loans, thus adding to the debt burden of developing countries. The UK government has been leading the call for other governments to contribute to funds to be administered by the World Bank as loans.

Instead of extending loans for climate mitigation and adaptation - the G8 governments should begin with the recognition of the huge ecological debt that they owe the countries and peoples of the South. They should finance climate mitigation and adaptation in the South as part of restitution and reparations for the environmental damage and destruction their policies and programs, their economies and corporations have caused. These funds should be managed by democratic and accountable institutions.

Calls and Demands

We urge all peoples’ movements and organizations (labor, farmers, women, youth, indigenous peoples), social and political movements, community and citizens’ groups, and faith-based organizations, to challenge the governments of the G8 countries to acknowledge their responsibility for the food and climate crises and the continuing problem of debt, and take decisive action to:

1. Cancel all illegitimate debt.
2. Stop financing projects and policies that contribute to climate change
3. Respect the South countries efforts to reverse harmful policies that led to the food crisis.
4. Ban speculation on food prices.
5. End the practice of using loans and debt cancellation to impose conditionalities.
6. Pay restitution and reparations for the huge ecological debts owed to the South.
7. Facilitate the return of stolen assets kept in the banks in the G8 countries.

Signatories:

INTERNATIONAL and REGIONAL NETWORKS and ORGANIZATIONS

Jubilee South

European Network on Debt and Development (EURODAD)

CADTM International

JS - Asia/Pacific Movement on Debt and Development

Africa Jubilee South

Jubileo Sur Americas

Asia/Pacific Network on Food Sovereignty (APNFS)

AFRODAD

LATINDADD

Least Developed Country (LDC) Watch

South Asia Alliance for Poverty Eradication (SAAPE)

Southern Peoples Ecological Debt Creditors Alliance

Migrant Forum in Asia

EUROSTEP

OilChange International

Friends of the Earth International

Platform of Filipino Migrant Organisations in Europe (Platform Europe)

Action Aid International

Asia Pacific Forum on Women Law and Development (APWLD)

Asian Regional Exchange for New Alternatives (ARENA)

International Gender and Trade Network -Asia (IGTN-Asia)

Focus on the Global South

Coalition Against Trafficking in Women - Asia/Pacific (CATWP-AP)

Convergencia De Movimientos delos Pueblos delas Americas (COMPA)

NORTH AMERICA

Jubilee USA Network - USA

Sustainable Energy & Economy Network - USA

Maryknoll Office for Global Concerns - USA

Washington Office of Public Policy, Women's Division, United Methodist Church - USA

Center for Third World Organizing - USA

Global Exchange - USA

Medical Mission Sister's Alliance for Justice - USA

Gender Action - USA

Halifax Initiative Coalition - Canada

Development Gap - USA

EUROPE

Jubilee Debt Campaign - UK

Jubilee Scotland

"¿Quién debe a Quién?" Campaign - Spain

Observatorio de la Deuda en la Globalización - Spain

Campagna per la Riforma della Banca Mondiale (CRBM) - Italy

CADI (Comitato Antirazzista Durban Italia) - Italy

Norwegian Coalition for Debt Cancellation (SLUG) - Norway

11.11.11. - Coalition of the Flemish North-South Movement - Belgium

Debt and Development Coalition - Ireland

Aktion Finanzplatz Schweiz - Switzerland

ATTAC - France

Commission for Filipino Migrant Workers (CFMW) - The Netherlands

PACIFIC

Jubilee Australia

JAPAN

Jubilee Kyushu - Japan

Jubilee Kansai Network - JapanATTAC Japan

Society of St Columban - Japan

Pacific Asia Resource Center (PARC) - Japan

Japan Network on Debt & Poverty

Food Policy Center Vision21 - Japan

Kansai Action Center on Philippine Human Rights Issues - Japan

ATTAC Hokkaido - Japan

ATTAC Kyoto - Japan

ATTAC Kansai Group, Japan

Altermonde - Japan

Yokohama Action Research Center - Japan

Solidarity Network Migrants Japan

Global Peace and Alternative Media - Japan

Lencaena Communication Japonesia - Japan

KALAKASAN Empowerment Center - Japan

ASIA/PACIFIC

Freedom from Debt Coalition (FDC) - Philippines

KALAYAAN! (Movement for People's Freedom) - Philippines

Solidarity of Filipino Workers (Bukluran ng Manggagawang Pilipino) - Philippines

Bisig - Philippines

Philippine Rural Reconstruction Movement - Philippines
Aniban ng Manggagawa sa Agrikultura` (Union of Agricultural Workers)-Philippines
Resource Center for Sustainable Development (GITIB) - Philippines
Center for Migrant Advocacy - Philippines
Task Force Food Sovereignty - Philippines
Center for Popular Empowerment (CPE) - Philippines
Center for Women's Right and Development -
SANLAKAS - Philippines
Samahang Demokratiko ng Kabataan (Democratic Association of the Youth) SDK - Philippines
Kanlungan Centre Foundation Inc. - Philippines
Youth Against Debt (YAD) - Philippines
Assalam Bangsa Moro People's Association - Philippines
Ecological Waste Coalition of the Philippines (Ecowaste Coalition) - Philippines
Global Alliance for Incinerators Alternatives (GAIA) - Philippines
Health Care Without Harm (HCWH) - Philippines
Global Call to Action against Poverty (GCAP)-Philippines
Womanhealth - Philippines
ODA Watch - Philippines
Management and Organizational Development for Empowerment (MODE) - Philippines
Anti Debt Coalition (KAU) - Indonesia
Nadi - Indonesia
International Forum for Indonesian Development (INFID)-Indonesia
Institute for Essential Services Reform - Indonesia
Anjuman Asiaye Awam - Pakistan
Monitoring Sustainability of Globalization - Malaysia
NUBE - Malaysia
Luta Hamutuk Institute - East Timor
Centre for Human Rights and Development - Mongolia
Rural Reconstruction Nepal
NGO Federation of Nepal
All Nepal Women's Association - Nepal
Center for Environmental Justice - Sri Lanka
Equity & Justice Working Group - Bangladesh
Unnayan Onneshan - Bangladesh
Community Development Library- Bangladesh
Jatiyo Sramik Jote - Bangladesh
Group of Liberal Debaters (GOLD) - Bangladesh
WARBE Development Foundation - Bangladesh
Anjuman Asiaye Awam - Pakistan
Bonded Labour Liberation Front Pakistan
Indian Social Action Forum (INSAF) - India
Alternatives Asia - India
Centre for Education and Communication - India
People's Union for Civil Liberties - India
Narmada Bachao Andolan - India
Campaign for Judicial Accountability - India
Gender, Livelihoods and Resources Forum - India
Bihar Social Institute - India
ALternatives/Badayl- India
Intercultural Resource - India
National Centre for Dalit Human Rights, India
Centre for Education and Communication, New Delhi, India
Manthan Adhyayan Kendra, India
Vikas Samvad, MP - India
Human Rights Law Network - India
Seoul-Gyeonggi-Incheon Migrants Trade Union - Korea
Bahrain Center for Human Rights - Bahrain

AFRICA

African Forum on Alternatives - Senegal
Daughters of Mumbi Global Resource Center - Kenya
Center for Promotion of Economic and Social Alternatives - Cameroon
Umzabalazo We Jubilee - South Africa
Jubilee South Africa
CRAPR / NAD - RD - Congo

LATIN AMERICA and the CARIBBEAN

Jubileu Sul Brasil - Brazil
PACS - Instituto Politicas Alternativas Para o Cone Sul - Brazil
Bloque Popular - Honduras
Jubileo Peru
Marcha Mundial delas Mujeres - Peru
Alianza Social Continental Capitulo - Peru
Dialogo 2000 - Argentina
ATTAC - Argentina
Periodico El Espejo - Argentina
Jubileo Sur - Mexico
Movimiento Mexicana de Afectados por las Presas y en Defensa delos Rios - Mexico
Cactus Coaxaca - Mexico
Otros Mundos, A.C./Chiapas - Mexico
RED Mexicana de Accion Frente al Libre Comercio - Mexico
Centro de Documentacion en Derechos Humanos (Segundo Montes Mozo S.J.) - Ecuador
RED Ecuatoriana de Defensores de Derechos Humanos - Ecuador
Mesa de Trabajo Sobre Migraciones Laborales - Ecuador
PAPDA - Haiti

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Syed Saiful Haque - Bangladesh