

“We Demand”

Government of Pakistan...

- To **REPUDIATE** the illegitimate debts acquired by non-representative regimes.
- To demand “**DEBT RELIEF**” from donor community and IFI's on the pattern of War hit Germany as Pakistan is bearing a heavy cost of “**WAR ON TERROR**” which has inflicted an economic cost to the tune of \$102 billion in the last 13 years.
- To establish a **Parliamentary Debt Audit Commission** to assess the true picture of the public debt and ascertain the illegitimate portion of debt.
- To make all debt agreements, a **Parliamentary Debate** in line with the recommendations of the National Assembly's special Committee on Foreign and Domestic Loans, established on 27th July 2012.
- To fulfill its commitment to engaging with Swiss authorities under the new Swiss law, ‘**The Restitution of Illicit Assets Act, 2010**’ (RIAA) and take practical steps to bring back the Pakistani money.

We Demand International Financial Institutions and Lenders....

- To cancel the Debts extended to the non-representative Regimes in light of UN Convention A/68/L.57/Rev2
- IMF should expand the criteria for the new Post-Catastrophe Debt Relief Trust Fund by including the countries elevated to middle income level. Pakistan is bearing heavy cost of US-led war on terror which has inflicted an economic cost of \$102 billion in

the last 13 years. We demand “**DEBT RELIEF**”.

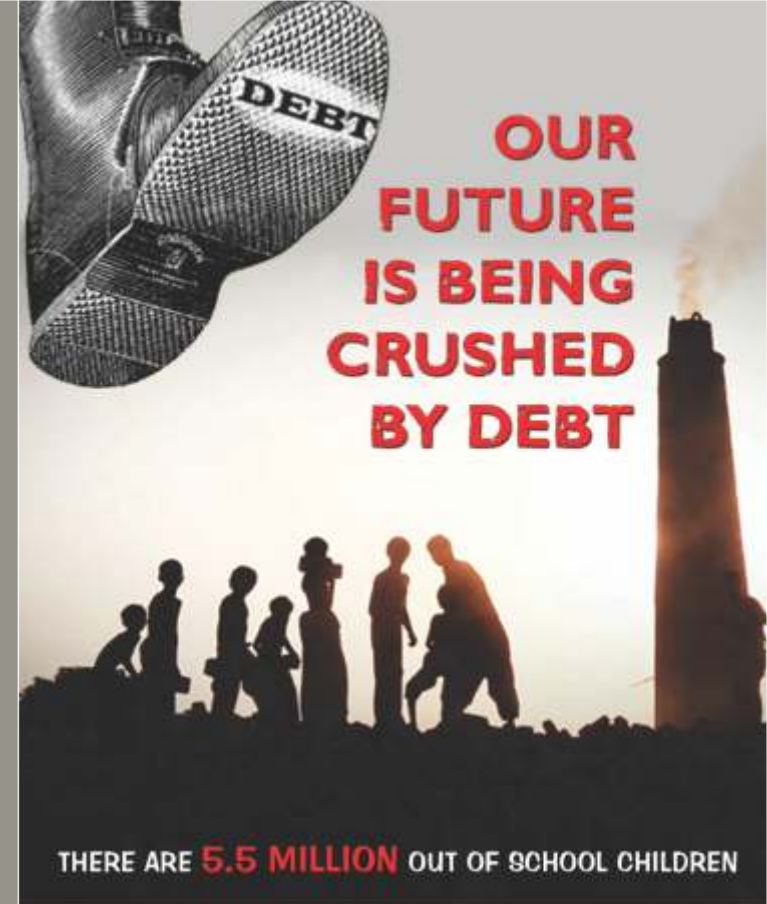
- To observe responsible lending to ensure just spending of the funds. They should stop demanding regressive economic conditions.
- The donor countries should transform official development assistance (ODA) into grants in the light of commitment made at 1992 Rio conference.

Civil Society.....

- **Civil Society of Pakistan** to join hands to harness the debate towards the cancellation of debt which has been acquired by non-representative regimes.
- **Academia** to establish research work on the economic impacts of Debt interest as well as identification of alternative sources of financing for development.
- **Media** to play its role in highlighting the adverse effect of debt on Pakistan's economy and sensitize the political leadership & educate the masses.

“We appreciate the PML-N's commitment, expressed in its Election manifesto 2013 to reduce country's dependence on foreign loans. However, this promise is yet to be translated into action through undertaking solid and alternative measures to reduce the chronic debt burden.”

WE DEMAND A DEBT FREE PAKISTAN



Foreign Debt servicing in million dollars



WE DEMAND A DEBT FREE PAKISTAN

“Why Debt Cancellation”

Keeping in view the above argument, there is a need to exercise the right of foreign debt cancellation. For instance, the losses incurred by different sectors of Pakistan's economy as result of US-led war on terrorism in the last 13 years might go close to \$102 bn mark a rough estimate. In return, Pakistan had so far received around \$15bn through official channels on account of over \$10bn in shape of Coalition Support Fund (CSF) compared to official losses of \$68 bn till fiscal year 2010-11, so only 14% losses were reimbursed by the US. In the head of military assistance in shape of FMF (Foreign Military Fund), Pakistan received \$2.1bn, grants for the economy to the tune of \$1.5bn, budgetary support of \$1.2bn and debt write-off \$1.5bn.

Pakistan had to face innumerable economic as well as precious human losses. On top of that, the wave of suicidal attacks has a heavy toll on the psychology of the society. Consequently, economic growth slowed and demands for imports reduced with consequential decline in tax collection and inflows of foreign investment were naturally adversely affected, accentuated by the travel bans issued by western governments to its traders, entrepreneurs, tourists etc. Pakistan continued to pay a heavy price in terms of both the economic and security terms. A large portion of its resources, both men and material, are being consumed by this war for the last several years.

Pakistan got debt rescheduling from Paris Club in 2001/2002 in return for supporting war on terrorism, but the country was ignored by the Paris Club and other donors when it was in dire need of debt relief during the 2005 earthquake and 2010 and 2011 floods. Pakistan deserved a real debt relief on both the occasions, however, donors did little and their help remained limited to humanitarian aid. The international community led by America has cancelled debt on the basis of 'humanitarian concern' doctrine with Nigeria enjoying \$18bn debt relief in 2005. Iraq received \$30bn debt relief from the powerful Paris Club with 80% of its debts cancelled courtesy of US support and world happily cancelled the debt for Haiti owing to the effects of its awful earthquake. Pakistan deserves equal treatment to Nigeria and Iraq and must demand that its debts are forgiven too. Even more recently IMF cancelled \$330 million debt of Ebola-hit Liberia, Sierra Leone and Guinea. But a terror-hit and flood-hit Pakistan was ignored.

For many years Pakistan was run by undemocratic, technocratic regimes aided and abetted with western support, which did little for the masses. It's very clear that the debt contracted by these regimes is a major portion of Pakistan's debt and about 50% may be easily forgiven since the two Afghan wars and their spillovers have destroyed part of the economic potential of Pakistan along with social rights of the population.

For many economic managers the debt cancellation demand may be illogical and kind of daydreaming, but for many others this demand is quite logical and sensible from human rights perspective. On the one hand various laws, precedents and international protocols urge IFIs to cancel poor countries debt under extraordinary circumstances (like the one Pakistan is going

through) and on the other hand allow Pakistan to announce unilateral suspension on debt repayments. A demand for cancellation of Pakistan's un-payable and unjust debts is not unjustified. Pakistan needs grant aid, rather than loans, to stand back on its feet. Such kind of demand is not new.

To suspend payment of foreign debts is not a new thing; many poor countries have exercised this lawful right in the past. Far from being an end in itself, these measures should be seen as first step towards a radically different model of development based on a guarantee of fundamental human rights. If a war-torn Germany can get debt relief four times during the period from 1929-1953, why not terror-torn Pakistan. This is also important from the perspective of global peace. A terror-torn Pakistan may destabilize the global peace since we live in an interconnected world. Followings are the legal rules for Debt Cancellation

Rule of State of Necessity: "Article 25 of the International Law Commission's (ILC's)"

UN Human Rights Commission

Resolution 1999: Commission on Human Rights Resolution 1999/22, 23 April 1999, § 3: http://ap.ohchr.org/documents/E/CHR/resolutions/E-CN_4-RES-1999

Rule of State Responsibility: International Law Commission's (ILC's)"

Post-Catastrophe Debt Relief Trust Fund: <https://www.imf.org/external/np/exr/facts/pcdr.htm>

Crisis Response Window (CRW): World Bank's International Development Association (IDA)'s Crisis Response Window (CRW)

Moral grounds for debt forgiveness
Debt Repudiation as Human Right
Extraordinary human crisis