

Brazil and Mexico Favor Debt Pardon for LatAm. They Just Don't Want to Pay the Bill.

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The Interamerican Development Bank, IDB, should write off Latinamerica poor countries debt because this will contribute to regional development and help reduce illegal migration to United States argued US Hispanic members of Congress.

Fifteen Hispanic Democrats from Congress addressed a letter to US Secretary of the Treasury John Snow requesting he intercedes in favor of the highly indebted countries during the current IDB annual general assembly taking place in Belo Horizonte, Brazil.

In the letter Congressmen specifically mention Bolivia, Guyana, Haiti, Honduras and Nicaragua. They further argue that the IDB must condone debts without imposing "economic conditions" and urgently, since "delays means lost lives".

The Congressmen underlined that poverty, lack of opportunities is one of the main factors behind illegal immigration to the United States, and therefore debt relief in the region will benefit not only poor countries but the US also.

Last year the G-8 group of the world's richest countries (Canada, France, UK, US, Japan, Italy, Germany and Russia) promised to condone 100% of the world's (38) poorest countries debts.

Following the G-8 statement the IMF condoned the debts of the poorest countries and the World Bank is scheduled to follow beginning next July.

However no mention was made to the Development banks debts such as the IDB in the Americas. Nicaragua, Haiti, Bolivia, Honduras and Guyana have debts of almost 3.5 billion US dollars with the IDB, according to the Hispanic Congress members. Bolivia owes the majority, 48%, of the five countries total debt to the IDB.

Other organizations would like to see Ecuador and Peru included in the list of condonation.

In his speech before the IDB assembly Bolivian president Evo Morales was the first to propose that the bank eliminate some of the debt of the five countries, Guyana, Honduras, Nicaragua, Haiti and Bolivia. But some Latinamerican countries have reservations including Mexico and Brazil.

Brazil's Planning Minister Paulo Bernardo said Bolivia's plans needed much closer scrutiny.

"This has to be talked about and negotiated because the question is, 'who is going to be responsible in financial terms?'".

Mexico on the other hand which supports the debt relief package, does not want to be responsible for paying for it, said Mexico's Finance Minister Francisco Gil.

Besides, President Morales' administration has announced its intention of nationalizing the country's natural gas reserves and increasing the price of gas for export.

This decision would have an important impact on Brazil, said Sergio Gabrielli, the president of Brazilian oil company Petrobras. Brazil and Bolivia are scheduled to begin talks on the issue in the coming days.

"We have no problems in discussing prices, but Bolivia supplies half of Brazil's consumption and any alteration in prices will have an impact in demand," added Mr. Gabrielli.

According to the Brazilian press, Bolivian gas costs US\$ 3.2 per million BTU, and in New York Mercantile Exchange the price is just above US\$ 7 per million BTU.

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