

Wikinews Coverage of the 2005 G8 Summit

G8 finance ministers agree on deal to relieve debts of 18 poorest nations

The finance ministers of the G8, the world's eight richest countries, after years of pressure from wide coalitions of human rights campaigners, such as the Committee for the Abolition of Third World Debt (CADTM), have agreed to a deal to relieve the debts of 18 of the poorest countries in the world, but have not yet published the full details.

The International Monetary Fund (IMF), the World Bank (WB), and the African Development Fund will write off all of the money owed to them by the selected countries. However, the Inter-American Development Bank (IDB) and the Asian Development Bank (AsDB) will not cancel debts owed to them by heavily indebted poor countries (HIPC) such as Bolivia, Nicaragua, Honduras, Guyana, Vietnam, and Laos.

The countries to receive debt cancellation from the IMF, WB and the African Development Fund are Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Senegal, Tanzania, Uganda, and Zambia.

The deal, devised by the United Kingdom, could potentially free up government revenue for domestic spending on things such as education and health services.

The World Bank, the International Monetary Fund and the African Development Fund will write off all of the money owed to them by the above listed nations. A total of \$40bn will be cleared, which will save debt repayments of \$1.5bn a year.

CADTM argues that this is a negligible effort by the rich countries, since \$1.5bn a year is extremely small compared to the \$350bn the G8 devote to farming subsidies or the \$700bn they spend in military expenditure each year. Moreover, these 18 countries only represent about 5% of the population of developing countries.

Another twenty countries may become eligible to have their debts cleared if they meet criteria decided by G8 finance ministries.

According to G8 representatives, the main criteria are the reduction of corruption and better government. According to critics, such as the CADTM, the criteria include the privatisation of natural resources and of strategic economic sectors to the



Official 2005 G8 Portrait

benefit of transnational corporations, higher costs of health care and education through privatisation, a rise in VAT, free flow of capital, which leads to capital leaving the country as shown by several UNCTAD reports, lower tariff protection, which leads to thousands of small and middle producers losing their livelihoods because they cannot compete with imported goods.

The CADTM claims that the G8 agreement can solve neither the issue of the debt nor the issue of poverty since it bears on only 2% of the external debt of developing countries and demand an immediate and complete cancellation of the public external debt of all developing countries, the burden of the debt being a major obstacle to meeting fundamental human needs.

Other groups, including charities, have similarly stated that the debts of 62 countries need to be cleared if the UN wants to meet its target of halving world poverty.

Fourteen of the countries to receive debt relief are in sub-Saharan Africa.

The alleviation of third world debt has been a lifelong ambition of Gordon Brown, the current UK chancellor, and he has used all

of his political power and status to push for this agreement in the G8 group.

History of the G8

The G-8 has its roots in the 1973 oil crisis and subsequent global recession. These troubles led the United States of America to form the Library Group, a gathering of senior financial officials from the United States, Europe, and Japan, to discuss the economic issues. In 1975 French President Valéry Giscard d'Estaing invited the heads of state of six major industrialized democracies to a summit in Rambouillet and proposed regular meetings. The participants agreed to an annual meeting organized under a rotating presidency, forming what was dubbed the Group of Six (G6) consisting of France, West Germany, Italy, Japan, the United Kingdom, and the United States of America. At the following year's summit on Puerto Rico, it became the Group of Seven (G7), when Canada joined at the behest of U.S. President Gerald Ford.

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Blair: G8 leaders announce \$50 billion aid increase; talks on trade and climate change

GLENEAGLES—British Prime Minister Tony Blair announced at a press conference today the results of the G8 Summit in Gleneagles, Scotland.

Blair, the seven other leaders of the G8 nations, and the leaders of Algeria, Ethiopia, Ghana, Nigeria, Senegal, South Africa and Tanzania stood on the step of Gleneagles to address the press. The Prime Minister said “We speak today in the shadow of terrorism but it will not obscure what we came here to achieve.”

Among the decisions made was a commitment to another \$50 billion (£28.8 billion) per year by 2010 in aid which Blair says can indeed, in time and if properly seen through, will make “very substantial progress” towards “making poverty history”. The deal was secured following a last-minute commitment by Japan.

Half of this aid will be sent to Africa. Some analysts have raised fears that African economies will not be able to absorb so much aid so quickly, and that the money could fuel corruption.

The US, Germany and Italy rejected a plan by Blair to double aid immediately by borrowing against future aid budgets.

“It isn’t the end of poverty in Africa, but it is the hope that it can be ended,” Blair said. “It isn’t all everyone wanted, but it is progress - real and achievable progress. It is the definitive expression of our collective will to act in the face of death and disease and conflict that is preventable”

There will also be further pushes towards ending the debt of the poorest nations.

Campaigners have welcomed the news, but have said that it does not go far enough, falling short of the hopes of the people who had embraced the Live8 and Make Poverty History drives.

The leaders also pledged to end farm subsidies - but did not say by when. However, they called for talks on trade liberalisation to reach a conclusion by the end of 2006.

The Prime Minister was cautious not to “over-sell” the decisions that had been made but he was resolute and confi-



dent in the possibilities for progress in the future.

Less progress was made in the realm of climate change with countries agreeing that climate change was a problem but without any concrete decisions. Talks will be held on the matter, particularly with China and India, beginning in November.

The G8 have also announced a \$3 billion aid package for the Palestinian Authority.

Protestors detained after violence near G8 summit

Eight police officers have been injured and more than 32 people detained after protesters made an attempt to block the M9 road and railway lines.

The violence occurred when residents of a camp site near Stirling in central Scotland began a mass movement towards the Gleneagles summit. A branch of the Workers' Party of Ireland in the Springkerse area of Stirling was also vandalised.

World leaders from U.S., UK, Canada, Japan, Germany, France, Italy, and Russia are meeting in the 5 star Gleneagles hotel and golf course to discuss world issues. The presidents and prime ministers will debate, among other things, debt relief to Africa and climate change.

More than 100 activists dressed in black, many hiding their faces with clothing, “streamed” from the temporary campsite early Wednesday morning, where close to 5,000 protesters are said to be staying.

A camera man for the Associated Press Television said he saw a “group of

around 100 smashing the windows of stationary cars and throwing stones at police.”

Bob Geldof, organiser of the Live 8 concerts and original Live Aid in 1985, has described the violent protesters as “idiots”. Many have criticised Geldof’s overexposure in the news, especially as apparent spokesman of the anti-G8 protests.

Previous summits

Previous G8 summits that resulted in violent protests were situated in Genoa, Italy in 2001, and Evian, France in 2003. Police responsible for Wednesday’s summit have taken no chances: roughly 10,000 police are on standby in Gleneagles, among watchtowers and surveillance cameras. A five-mile (8 kilometres) long fence of steel surrounds the hotel, complimented by no-fly zone above.

Earlier this week protesters clashed with riot police in Edinburgh, the capital. As many as 100 appeared in court on Tuesday, as a result of police officials’ promise of “zero tolerance”.

“Make no bones about it, if we encounter people who are prepared to use violence to achieve their aims... we will take robust action,” said Tayside Police Chief Constable John Vine in Auchterarder, the village closest to the Gleneagles hotel and country club.

Protestors and police officers numbering more than 20 were injured in over 6 hours of rioting in the Princes Street shopping area of Edinburgh, bringing the city centre to a standstill. Running clashes, baton charges, and mounted surges were some of the methods used by riot police at the scene.

Agenda

British Prime Minister Tony Blair will, as the host, set the agenda of this year’s summit. He is said to want “breakthroughs in global warming as well as Africa”.

Blair’s Commission for Africa has proposed to double aid to Africa by 2010, as well as a second US\$25 billion increase in aid to Africa, and US\$75 billion annual increase in worldwide aid.