

# THE JUBILEE MOVEMENT IN ZAMBIA

**Joint Statement of the  
Council of Churches in Zambia (CCZ),  
Evangelical Fellowship Zambia (EFZ),  
And the Zambia Episcopal Conference (ZEC)**

**From Debt Cancellation to Trade Justice**

**21<sup>st</sup> November 2006**

## ***1.0 Preamble***

We, the representatives of the Council of Churches in Zambia (CCZ), the Evangelical Fellowship of Zambia (EFZ) and the Zambia Episcopal Conference (ZEC) together with civic organisations that launched the Jubilee Debt cancellation campaign in Zambia eight years ago, gather today to reflect on the achievements, challenges as well as the current imperatives of the Jubilee campaign.

We recall how some of our detractors and pessimists alike dismissed our calls for ‘*total debt cancellation.*’ They saw a mission that was bound to fail, as no creditor would entertain “debt cancellation.” However, the moral case for debt cancellation prevailed. Too much of our people’s tax money was leaving the country through interest payments on the debt, in a year our government paid close to US\$ 200 million at the expense of budget allocation in the health and education sectors.

We argued that this campaign was about saving human lives, ensuring that even the children of the poor have a right to go to school and our people have economic opportunities through jobs to provide for their families. Our 1998 pastoral Letter pointed out that “*Zambia’s external debts were politically destabilising, economically exhausting and ethically unacceptable.*”

Today not only is debt cancellation a reality for Zambia but for many African countries as well. We note that the cancellation of Zambia’s external debts from US\$7.1 billion in 2004 to US\$502 million in 2006 is a culmination of unrelenting pressure by a wide range of civic and faith organisations in the global Jubilee movement, government’s commitment to donor conditionality and the sacrifices made by the people of Zambia.

We take a moment of silence to honour the lives lost and the children’s future destroyed during the struggle for debt cancellation.

## ***2.0 Solidarity and Perseverance Pays Off!***

We could not have achieved this feat without our unwavering commitment to fight poverty. We therefore pay tribute to Jubilee members both here and abroad whose vigorous campaigns appealed to the conscience of our global political leaders. These campaigns put emphasis on the importance of human life, which is God's gift.

Through these efforts, the urgency by international social movements to eliminate poverty has slowly gained centre stage as is seen through the current "Make Poverty History" global Campaign.

### **3.0 *Looking Forward – Actions To Avoid Another Debt Trap And Continued Underdevelopment?***

#### ***3.1 Our Socio and Economic Reality in Zambia today***

Dear brothers and sisters, despite debt cancellation, our plentiful resources and past compliance to donor policy conditionalities, our country still faces enormous challenges. The scale and depth of our poverty situation today is truly alarming. The majority of Zambian households cannot afford three meals in a day. The proportion of people living in extreme hunger in 1990 was 25 percent while in 2002/3 it was 28 percent. In our region, we have the highest maternal deaths, 729 mothers die per 100,000 deliveries; Unemployment levels in the country are very high. Our educated children are now sometimes called the "educated poor", because they cannot get jobs.

With only nine years remaining until the deadline set by the community of nations for achieving the Millennium Development Goals (MDGs), these records indicate that Zambia is lagging behind and needs to scale up its efforts. These vast development challenges were heavily debated during the last election. We applaud President Mwanawasa for making these issues part of his address during the opening of the 10<sup>th</sup> National Assembly. We however urge him to translate these ambitions into tangible benefits.

#### ***3.2 Our New Focus for policy and institutional change***

The Jubilee vision for economic justice includes the need to avoid another debt trap. Starting the Sabbath year of 2007, the focus of the Jubilee campaign will be to unveil the root structural causes of the debt burden and campaign for their elimination. This is in line with the biblical mandate to use the Sabbath year as an opportunity for restoration of communities by dismantling the structures that cause poverty and undermine human dignity. In the context of our campaign, weak legal requirements for acquiring, using and managing loans as well as unfair international trade rules are some of the structures that caused the huge debt. Thus the new phase of the Jubilee campaign will not only call for debt relief resources to be used for poverty reduction but largely will call on government to strengthen the accountability and transparency laws relating to debt contraction and management and for justice in trade arrangements.

### **3.2.1 On Revision of Debt Contraction and Management**

We call for the reform of laws and institutional arrangements that govern loan contraction in line with government's desire to uphold good governance. We call upon government to consider, as part of these reforms, provisions that empower parliament to scrutinise, approve loans and get regular reports on loan performance. We also demand public access to information on loans. We believe this is extremely vital in order to avoid bad loans and outright corruption that have the potential to tie posterity to donor dictates.

### **3.2.2 On Revision of Unjust Trade Arrangements – “A Call for Trade Justice”**

While the dogma of free trade has been sold to poor countries as a tool for development, evidence of its consequences coming out of many African countries indicates its negative impacts on the poor. Clearly the freedom of trade has to be subject to the demands of social justice. We recognise that trade undertaken under fair conditions can be a powerful tool for poverty reduction. Against this background, the focus on advocating for trade justice within the next phase of the Jubilee campaign is absolutely necessary. Thus, the Jubilee movement will join other forces actively advocating for fair trade arrangements domestically, regionally and internationally.

The trade justice dimension is particularly important as we recall the sudden fall in the international price of our Copper and simultaneous increases in the price of petroleum in the 1970s set the stage for a huge debt and current complicated donor aid regime we face.

We believe trade policy and reform can be a vehicle for development but has in the past been poorly managed or not managed at all. We recall how the 1990s trade liberalisation led to destruction of local industries and mass unemployment. We believe that systematic measures for regulating trade by our government can significantly contribute toward the development of our people's productive activities. However, trade justice needs not only domestic action by our government but also international action from foreign actors and institutions.

#### **A. International Action – Trade Policies and Regulations**

The international trade regime as we speak today discriminates products coming from countries like Zambia. Most developed countries have regulations that make it difficult for Zambian products to enter their markets. For example more processed Zambian products such as coffee meet higher export tariffs in countries like the United States of America (USA) and the United Kingdom (UK) where as tariffs raw material exports such as cotton are low. We are concerned that a number of artificial barriers that continue to block products from Africa are not sufficiently discussed.

We applaud our past governments' leadership during the World Trade Organisation (WTO) negotiations in demanding the removal of these artificial barriers and for calling for the consideration of development needs of poor countries in WTO agreements.

We urge government to be more patriotic by calling for more protection of Zambia's development interests in international negotiations, including the current free trade negotiations with the European Union (EU) under the Economic Partnership Agreements (EPAs). We note that for poor countries like Zambia to realise the potential gains from international trade, developed countries need to change their trade policies as well.

We further note that while political de-colonization took place more than 50 years ago, the process of economic de-colonization of Africa has yet to be completed. We therefore call upon developed countries to remove all forms of unattainable conditions so as to transform market access statements into real trade opportunities especially for agriculture and textile products from countries such as Zambia. For the WTO, Southern Africa development Community (SADC) and Common Market for East and Southern Africa (COMESA), this challenge comes down to guaranteeing that trade negotiation outcomes are balanced and are development oriented.

Broadly, we urge our government to enter trade arrangements that do not disadvantage production and employment in Zambia. Our position is that if trade agreements do not promote local production and employment then they are not good, as they would not benefit the poor.

## **B. Domestic Action - Trade Policies, Programs and Regulations**

The current domestic trade policy environment is generally not supportive to producers and traders and it discriminates against the smaller ones in particular. For instance, small-scale farmers continue to receive inputs late and are not guaranteed markets for their products. Cotton farmers in particular have for a long time complained about poor prices, unclear trading systems and biased contracts. These farmers' receipts from sales are sometimes below their production costs. This is an example of trade injustice.

Against this background, the government needs to urgently re-look at all the rules that govern interactions between market players to ensure observance of rule of law and equity. The problems of prohibitive costs related to trade such as transportation, communication, security, border restrictions, taxation biases and inefficiency of support institutions need to be urgently addressed as they impose huge disadvantages to local producers.

For our country to increase our production and export capacity, our government needs to reform trade related policies and programs. We urge our government to ensure that these reforms this time are inclusive and mirror the characteristics of our population and our economy, including the following:

- Meaningful reduction of income tax (PAYE) in the 2007 budget
- Reduction of costs related to transport, communication and acquisition of market information especially for smaller and rural producers and traders
- Ensure domestic trade support programs are better funded

- Introduction of an incentive regime that levels the playing field between local and foreign traders as well between smaller and larger business units
- Ensure that investment agreements not only stipulate benefits for investors but their responsibilities in creating quality jobs and promoting industrial growth through linkages to Zambian producers.

All these form part of our call for trade justice. The needs seem daunting but are imperatives for trade to contribute toward sustainable poverty reduction.

With debt relief, we note that Government now has a rare opportunity to invest more freed resources toward development. We are pleased that it has prioritised expenditure in education, health care, agriculture and infrastructural development. For agriculture to realise its vast potential to lift millions of people out of poverty, we need more than statements and isolated interventions from government but a comprehensive set of well funded and result oriented measures. These measures need to be put in place beginning this farming season. In addition, we urge the Zambian government to put in place a monitoring mechanism that will ensure that debt relief money reaches the intended target – the poor.

#### **4.0 Conclusion**

As we close, we want to note that our main message today is that debt relief will only produce lasting impacts on poverty reduction if it is tied to the reform of the domestic, regional and international trade arenas. Trade justice demands that trade rules put people and the environment first and profits second.

We strongly appeal to our Government to use their new mandate to expeditiously develop clear pro-poor trade policy targets from its Fifth National Development Plan (FNDP). We implore it to align public institutions to meet these targets so that citizens would know how to actively contribute to the plans.

Within this context, we urge all Jubilee partners to fully engage Government and its donors in the process of implementing the FNDP based on good governance practises, pro-poor budget spending and a results orientation that is MDG sensitive.

To the donor community our appeal is for you to do away with past policy conditionality which has had disastrous effects on industry and employment in our country. We have learnt together, we must avoid policy mistakes together.

In an open free trade system like ours, without clear rules and regulations to ensure equity, the weaker, vulnerable and poor members of our society stand to suffer. We thus make a final appeal to our church members, all religious leaders, government, private sector, CSOs, donors, journalists and members of the general public for an active orientation towards trade justice in individual and collective efforts.

In line with the demands of the biblical jubilee mandate in Leviticus 25 and Deuteronomy 15, we pledge to continue to campaign in unity for the defence of human dignity in our communities as we did in the debt cancellation.

The future we must create for our children has to be different from the past. Together we can again bring about fundamental change for Zambia through campaigning for trade justice and transparency in public affairs.

We thank you all.

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## **JUBILEE-ZAMBIA**

***DEBT CANCELLATION AND TRADE JUSTICE FOR POVERTY ERADICATION***  
**(HOSTED BY THE JESUIT CENTRE FOR THEOLOGICAL REFLECTION)**

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