

South Sudan should not be born into debt

Saturday 29 January 2011, by [Jubilee Debt Campaign](#) (Date first published: 18 January 2011).

The referendum on secession for South Sudan is due to take place on Sunday 9 January. If South Sudan votes to secede a key decision will be on what happens to Sudan's external debt of \$35 billion, \$20 billion of which is interest on original loans. [1]

Tim Jones, policy officer at Jubilee Debt Campaign, said:

"No nation should be born into debt. The people of South Sudan need a fair start rather than taking on the burden of past unjust debts. If South Sudan does inherit any debt it should be immediately cancelled."

The history of debt is that it is used by the IMF and World Bank to force free market economic policies on countries. The people of South Sudan are voting for independence, not to become subservient to organisations in Washington DC."

Much of Sudan's debt dates back to the early 1980s from the dictatorship of Gaafar Nimeiry, when western governments supported the regime during the Cold War and to gain access to Sudanese oil for their companies. In 1985 it was \$9 billion but has since grown to \$35 billion due to interest and charges, as well as new loans to the dictatorship of Omar al-Bashir. [2]

Tim Jones said:

"Sudan's debt is illegitimate, coming from Cold War loans to dictator Nimeiry or more recent loans to the regime of Omar al-Bashir. The debt has served the interest of foreign powers, not the people of Sudan."

Over recent years 32 countries have had debts cancelled through the official IMF and World Bank debt relief process. Both Sudan and South Sudan potentially qualify for this debt relief. However, this usually takes several years, requires countries to make repayments in the meantime, leads to new loans and debts being created, and requires countries to follow IMF and World Bank conditions such as privatisation and deregulation.

The UK government claims Sudan owes it £650 million as a result of past failed export projects. [3] However, the UK government has not revealed what projects this debt ultimately supported. If and when any or all of this debt is cancelled, the UK government will count this as 'aid'. [4].

18 January by Jubilee Debt Campaign

Footnotes

[1] World Bank and IMF. (2010). Sudan: Joint IMF/World Bank 2009 debt sustainability analysis. IDA and IMF. 07/06/10.

[2] Leo, B. (2010). Sudan debt dynamics: Status Quo, Southern Secession, Debt Division, and Oil - A Financial Framework for the Future. Centre for Global Development Working Paper 233. December 2010.

|3| ECGD. (2010). Response to freedom of information request. Export Credit Guarantees Department. 26/04/10.

|4| Mitchell, A. (2010). Parliamentary Answer to Mark Lazarowicz MP. Hansard Column 915W. 18/11/10
