

For a Debt-Free East Timor!

We, the undersigned Timor-Leste and international organizations, urge the government of Timor-Leste to keep the nation debt-free and refrain from borrowing money from international lenders.

We do not take this position to hold Timor-Leste back, but to protect its future generations. Rather than repeat the mistakes of other developing countries that have struggled with debt during recent decades, Timor-Leste should learn from their experiences, which often inflicted great hardships on their people. This is especially important because of Timor-Leste's high dependence on exporting non-renewable oil and gas wealth, a resource which will run out soon.

More than thirty years ago, lenders made loans to developing countries, creating unsustainable debt and causing the "debt crises" of the 1980s and 1990s. Today, creditors continue to drain scarce resources that could have been spent on essential services like health care, education, water and sanitation. International financial institutions - like the IMF and the World Bank - forced countries which owed them money to implement so-called austerity measures, demanding cuts in public services in order to repay debt. This has included the privatization of state services like water and electricity.

The poorest and most vulnerable members of society have been forced to pay more for essential services, and salaries of public servants have been lowered. Even when loans are made at concessional interest rates, borrowing countries are legally obligated to repay the principal before spending money on their people's needs.

Some argue that revenue from Timor-Leste's oil and gas wealth can provide a cushion against which to borrow. History proves such thinking is wrong. The more oil a country produces and the greater its dependence on petroleum exports, the more debt that country is likely to accumulate – and Timor-Leste today is the most petroleum-export-dependent country in the world, with oil and gas providing 95% of state revenues.

Oil prices and interest rates are very volatile and beyond Timor-Leste's control, leaving it especially at risk, as petroleum revenues will decline and interest rates may rise while loans are still being paid back. When Timor-Leste's oil and gas run out in less than 15 years, and debts still must be repaid, Timor-Leste's children and grandchildren will suffer the consequences.

In most developing countries with oil resources, worsening economic and development conditions with little long term benefit are the result, including increased conflict, impoverishment, and corruption. Timor-Leste should avoid such a tragedy by learning from other's experiences, not repeating them. The Democratic Republic of Timor-Leste began life in 2002 without owing money to anyone. For the sake of an equitable, prosperous, and environmentally sound future for today's and tomorrow's children, Timor-Leste should remain debt-free.

We urge Timor-Leste's leaders and international institutions to use other ways to finance the country's much-needed development.

East Timor

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Hasatil (Haburas Agrikultura Sustentavel Timor-Leste)
ETADEP (East Timor Development Action and Peace)
Haburas Foundation
Mata Dalan Institute (MDI)
Ponta-Leste Watch((PLW)
Community Development Interest (CDI)
Movimento Kontra Deve (KONDENA)
Fundasaun Mahein
Instituisaun Edukasaun Popular (IEP)
Front Mahasiswa Timor-Leste
Movimentu Estudantes Faculdade Ekonomia -Timor-Leste (MEFE-TL)
KNUA HABERAN COMUNIDADE (KHC)

International and other Countries:

East Timor and Indonesia Action Network (ETAN), USA
Jubilee South Asia Pacific Movement on Debt and Development (JSAPMDD)
Sustainable Energy & Economy Network/Institute for Policy Studies
USAidwatch, Australia
Proceso de Comunidades Negras (Palenke Alto Cauca)
Colombia
Civil Society Forum for Climate Justice, Indonesia
JATAM (Jaringan Advokasi Tambang)/ Indonesia Mining Advocacy Network
JATAM/Friends of Earth (FoE) of East Java
Pantau Foundation, Indonesia
WALHI - Friends of The Earth Indonesia
Jamaa Resource Initiatives, Kenya
Foundation ProPapua, The Netherlands
Swedish East Timor Committee
Justice for Palestine Matters, Sydney, Australia
Jubilee USA Network
Jubilee NW, USA
Baltimore Nonviolence Center, USA
Global Network Against Weapons & Nuclear Power in Space
Green Delaware , USA
EARTH (Ecological Alert and Recovery-Thailand)

As of August 26th, 2011