

The problem, as we have already noted, is that rising international interest rates have undercut much of the potential relief from the Toronto initiative. Despite government reservations about the difficulties and costs of cancelling export credit debt, other witnesses argued forcefully that now is the time to take stronger steps. The Royal Bank's Neufeld proposed extending Toronto terms beyond Africa to include other severely-indebted countries. Professor Gerald Helleiner urged a 10-year moratorium on debt service obligations for low-income Africa, in part as well to lift the burden of numerous reschedulings on countries with extremely limited resources. Dr. Adedeji of the UNECA outlined the African countries' case for major write-downs and increased use of options such as allowing repayment in local currencies. The brief of the Taskforce on the Churches and Corporate Responsibility referred to various ways in which the Toronto terms could be enhanced to provide more generous and longer-term relief.

The Sub-Committee believes that the time has come to face facts and to get serious about reducing the burden of export debt owed to Canada by poor countries that are simply unable to pay. We, therefore, recommend that Canada take the lead in advocating the adoption by Paris Club members of substantial additional export debt concessions, in particular for the poorest and most seriously-affected countries. In responding to this recommendation, the government should table detailed proposals showing clearly how they will apply to Canada's export loans to indebted developing countries, either in a multilateral or bilateral context.

There are, in addition, several other problems which need to be confronted. One is the always thorny issue of conditionality. Debtor countries are now only able to get Paris Club relief, or access to IFI facilities such as the IMF's Enhanced Structural Adjustment Facility (ESAF) and the World Bank's Special Program of Assistance for low-income Africa, if they accept the standard structural adjustment programs (SAPs) that have proved so unsatisfactory for many. The UN's Adedeji made a powerful case for a "de-linkage" of official debt reduction and debt service relief from this narrow form of conditionality, adding that:

Requesting de-linking from the conditionality of SAPs is not tantamount to a call against accountability. On the contrary, accountability is very much called for and could be ensured through adherence to sound development approaches that provide for both adjustment and transformation. Africa's creditors and the multilateral institutions must not compel African countries to adopt SAPs through the lure of resource flows and debt relief, when the limitations of SAPs are glaringly obvious.⁽²⁸⁾

(28) SCEAIT, *Minutes of Proceedings and Evidence*, Issue No. 18, 24 October 1989, Appendix, p. 21.