

**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MS. PAMELA LUNA TUDELA, MINISTER COUNSELLOR OF THE PLURINATIONAL STATE OF BOLIVIA, AT THE SECOND ROUND OF SUBSTANTIVE INFORMAL SESSION OF THE PREPARATORY PROCESS FOR THE THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT ON ENABLING AND CONDUCIVE POLICY ENVIRONMENT (New York, 9 December 2014)**

I have the honor to deliver this statement on behalf of the Group of 77 and China.

At the outset I would like to thank the co-facilitators for convening this substantive informal session and also the moderators and speakers for their presentations.

**“International monetary and financial system; regulations to balance access to credit with financial market stability”**

The ongoing world financial and economic crisis and its impacts on development underscores the importance of a global, universal and integrated response by the international community to address systemic fragilities and imbalances inherent in the international financial institutions (IFIs). This requires serious actions to resolve the structural problems of financial instability and unavailability of liquidity for developing countries in need to generate the necessary sustained growth and development.

The capacity of the IFIs to provide liquidity in times of systemic crisis is an important element in ensuring global financial stability. However, a global mechanism for ensuring the swift and sufficient availability of substantial resources to stabilize market conditions in times of systemic liquidity crisis continues to be lacking. In this regard, the Group believes that efforts should focus on enhancing the various layers of the global financial safety net and on strengthening coordination among the mechanisms at different levels.

In the context of structural reform of the IFIs, the Group strongly believes that developing countries must be equitably represented in these institutions and have a strengthened voice in global economic governance. Moreover, it is critically important that the financial sector is transparent and properly regulated to reduce speculative investment so that the capital markets can be mobilized to achieve sustainable development and play a constructive role in the global development agenda.

**“International tax cooperation for development”**

The Group of 77 and China maintains that while there is increasing recognition of the central role of tax systems in development, the fact remains that there is still no global, inclusive norm-setting body for international tax cooperation at the intergovernmental level. There is also not enough focus on the development dimension of these issues.

The Group of 77 and China reiterates its call to change the status of the Committee of Experts on Tax Matters, transforming it from experts acting in their own capacity,

to an intergovernmental subsidiary body of the Council, with experts representing their respective governments.

This transformation is necessary and important in order to allow all member States, including developing countries, to have an equal say on issues related to tax matters. The role of the United Nations on international cooperation in tax matters is especially important as it is the only true global forum with universal relevance and participation.

### **“Debt crisis prevention and resolution”**

The ongoing debt crisis has once again highlighted the gaps in the international financial architecture with regard to timely and effective solutions to sovereign debt distress. Debt sustainability, effective debt management, and the guarantee of an adequate debt repayment capacity that does not impair national growth perspectives are core factors to be considered in the efforts carried out by Member States to attain national and international development goals, including the Millennium Development Goals.

In past decades and more so recently, a new concern has emerged relating to the activities of vulture funds, their highly speculative nature and the systemic implications of their actions which pose a risk to all future debt-restructuring processes, both for developing and developed countries.

We consider it is essential for the stability and predictability of international financial architecture, to ensure that agreements reached between debtors and creditors within the context of sovereign debt restructuring processes are respected, allowing payment flows to be distributed to cooperative creditors as agreed with them in the process of consensual readjustment of the debt. We must count on instruments making reasonable and definitive agreements between sovereign creditors and debtors, allowing them to confront debt sustainability problems in an orderly fashion.

In that regard, the Group welcomed the adoption by the United Nations General Assembly of resolution 68/304 "towards the establishment of a multilateral legal framework for sovereign debt restructuring processes", and the Modalities for implementing this resolution, with the purpose to elaborate and adopt, through a process of intergovernmental negotiations, a multilateral legal framework for sovereign debt restructuring processes with a view, inter alia, to increasing the efficiency, stability and predictability of the international financial system and achieving sustained, inclusive and equitable growth and sustainable development, in accordance with national circumstances and priorities.

Thank you.