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**Opening remarks by
H.E Mr. Nestor Osorio (Colombia),
President of the Economic and Social Council,**

ECOSOC Special meeting on “External debt sustainability and development: Lessons learned from debt crises and ongoing work on sovereign debt restructuring and debt resolution mechanisms”

New York, 23 April 2013

Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

The General Assembly, in its resolution 67/198, recognized the importance of a timely, effective, comprehensive and durable solution to debt problems. It made calls for efforts to improve the existing architecture for sovereign debt restructuring. It also encouraged all relevant entities within the United Nations system to continue to study and examine the need for, and feasibility of, a sovereign debt restructuring and debt resolution mechanism, with the participation of all relevant stakeholders. This meeting is an important step in that process.

The United Nations Department of Economic and Social Affairs and the United Nations Conference for Trade and Development (UNCTAD) are playing an important role in engaging experts and stakeholders to garner ideas and proposals for enhancing the architecture for resolving debt problems. Today’s event builds on the General Assembly event in October last year. In that meeting, Member States stressed the high costs that sovereign debt distress imposes on the populations of the affected countries, and the importance of efforts to find solutions to debt crises. I hope that today’s exchange of views and updates on ongoing work will help build momentum to find solutions for countries that face problems of debt overhang and debt servicing.

Excellencies,

Sovereign debt crises have been occurring for as long as sovereign borrowing, with the first official defaults recorded in the fourth century B.C. Discussions on a solution to sovereign debt distress took place in the 1980s at the time of the Latin American debt crises, and again in the 1990s and early 2000s at the time of debt distress in many emerging market and developing countries.

The Highly-Indebted Poor Countries (HIPC) initiative and Multilateral Debt Relief Initiative (MDRI) contributed greatly to addressing debt overhang in many low income countries. In addition, the growth performance of the developing world, along with prudent macroeconomic policies, has led to an improvement in debt indicators in many developing countries. Nonetheless, aggregate indicators mask debt sustainability problems in some low-income countries. The slowdown of the global economy also raises concerns about the resilience capacities of other emerging markets and developing countries.

Questions related to sovereign debt are, however, once again at the forefront of policy discussions as a result of difficulties in repaying debt faced by some European countries. The difference between today's crisis and other recent crises is that, today, problems related to sovereign debt are not confined to emerging markets or low income countries. Furthermore, ongoing debt problems in some Euro zone countries have had far-reaching implications for many economies across the world, which has made the resolution of debt problems a global concern. I hope today's discussion will consider issues of debt sustainability and resolution from the perspective of both developed and developing countries.

Yesterday, the Economic and Social Council held its Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development. The overall theme of the meeting was "Coherence, coordination and cooperation in the context of financing for sustainable development and the post-2015 development agenda." The debate on sovereign debt restructuring has important implications for the financing of sustainable development and the post-2015 development agenda. Countries in debt distress are generally unable to attract necessary financing for sustainable development.

Furthermore, countries with debt overhangs often spend a large proportion of public resources on debt servicing, and are unable to allocate public revenue to expenditures necessary for sustainable development.

To achieve sustainable development, the international community needs to promote responsible borrowing and lending, along with improved debt management. We are too familiar with cases of irresponsible actions in lending and borrowing leading to unsustainable debt burdens that destabilize countries, and in some cases, risk destabilizing the global economy. The international community must come together to promote sustainable lending, as well as to design the architecture for sovereign debt restructurings to ensure speedy solutions to debt distress, with fair burden sharing between debtors and creditors in a predictable manner.

It will be up to the Member States to determine the scope and pace of work. I remain ready to engage with them. I am also committed to enabling ECOSOC to build further relations with the international financial institutions such as the World Bank and the IMF, and other stake-holders in the pursuit of these objectives.

Excellencies,

The need for improved sovereign debt restructurings is an important aspect of the global governance agenda. I hope that today's exchange of views will be productive, and will contribute to policy reform in this important area.

I would also take this opportunity to express my sincere appreciation to the Financing for Development Office of UN-DESA for taking the lead in organizing today's event.

I thank you for your attention.