

UNITED NATIONS



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THE PRESIDENT OF ECONOMIC AND SOCIAL COUNCIL
H.E. AMBASSADOR MARTIN SAJDIK

Opening remarks

by

His Excellency Martin Sajdik
President of the Economic and Social Council

Special joint meeting of the GA Second Committee and ECOSOC

on

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

New York, 14 October 2014

Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

The General Assembly, in its resolution 68/202 in December 2013, called 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 possible need for, and feasibility of a more structured framework for international cooperation in this area with the participation of all relevant stakeholders. Today's meeting is an important step in this process.

Excellencies,

There is general support and recognition that addressing debt problems will be an important element of the financing framework for a post-2015 development agenda.

However, problems related to sovereign debt are not confined to emerging markets or low income economies. Many countries struggling with high public debt burdens are in the developed world, making this problem of excessive sovereign debt a global phenomenon. Debt problems in one country can also spread to others, making such crises a threat to international financial stability.

In low income countries, there has been significant progress in debt sustainability indicators following the implementation of the Heavily Indebted Poor Countries (HIPC) initiative and Multilateral Debt Relief Initiative (MDRI). The landscape for debt has changed remarkably with many countries issuing bonds in international markets. However, aggregate indicators mask debt sustainability problems in individual countries, with new debt issuance raising new sustainability concerns in some countries.

At the same time, there are countries that have not been covered by these initiatives, as is evident from debt problems in some Small States. Moreover, the slowdown of the global economy and the tapering of US monetary easing add to concerns about the resilience of other emerging markets and developing countries.

Excellencies,

To achieve sustainable financing for development, we need to promote responsible borrowing and lending and debt management policies. The international community also needs to work towards ensuring sufficient, speedy, predictable solutions to debt distress and ensure fair burden sharing between debtors and creditors and inter-creditor equity.

In parallel, it is worth recalling that efforts to achieve national fiscal consolidation should be strengthened since high government debt-to-GDP ratios have a deleterious impact on domestic long-term growth.

While there is some understanding on the need for enhanced approaches to sovereign debt restructuring, there are differing views on the best way forward. Some participants believe that improved contractual arrangements in bond contracts and a voluntary code of conduct would address problems related to holdout creditors and other issues; however others see these as insufficient, leading to calls for further policy action on improving the architecture for debt restructuring and a sovereign debt resolution mechanism.

The approach we ultimately take will be important for the future of financial markets. I hope that today's exchange of views can contribute to better understanding the alternative policy options and will help build momentum to find solutions for countries that face such problems..

It will be up to the Member States to determine the scope and pace of work related to these issues. I remain ready to engage with you and support your efforts. I am also committed to building further relations between international financial institutions working on these issues, such as the IMF and other stakeholders in the pursuit of these objectives.

Finally, allow me to take this opportunity to express my sincere appreciation to Chair of the Second Committee, Amb. Sebastiano Cardi, and the Italian Mission and to my team, for jointly organizing today's event.

I thank you.