

Challenges and emerging issues in external debt restructuring in the context of the current financial crisis

2nd Committee Panel Discussion, United Nations

10 October 10.a.m, Conference Room 2

The informal General Assembly review session on the External Debt chapter of the Monterrey Consensus on 10-11 March 2008 at UN Headquarters noted the improvements made since the Monterrey Conference in 2002 in the external debt situation of developing countries. Despite these improvements, Member States pointed out some problem areas. For example, Member States raised the problem with litigating creditors against some developing countries. Another issue raised was that of extending debt relief to other low- and middle-income countries which face trade-offs between expenditure on development and repayment of loans. Also, private capital flows have increased substantially and private debt has gone up significantly since the Monterrey Conference. It was pointed out that with more liberalized capital markets and floating exchange rates, the risks associated with global financial uncertainties and high oil prices have implications for debt sustainability.

Some Member States pointed out the need for considering a debt resolution mechanism that provides equal burden sharing between creditors and debtors, whether dealing with official debt or commercial debts. There was also a call for further consideration of the proposal to establish an independent debt arbitration mechanism to assess, adjudicate and pass judgment on debt reduction options.

This panel discussion will assess the positive contribution of present approaches to debt restructuring, both official and commercial, while at the same time identifying gaps and suggesting possible ways to move forward.

Panelists:

- Geske Dijkstra, Erasmus University, Rotterdam, The Netherlands
- Steven Kargman, Kargman Associates, New York, United States
- Sony Kapoor, the Executive Director of Re-DeFinE (Rethinking Development, Finance & Environment)
- Stephany Griffith-Jones, Executive Director, Initiative for Policy Dialogue, Columbia University, New York, United States