Remarks by H.E. Kitty Sweeb, Permanent Representative of the Republic of Suriname, on behalf of the Caribbean Community (CARICOM) at the Virtual Dialogue: Addressing sovereign debt distress in LDCs, LLDCs and SIDS in the time of Covid-19, 18 June 2020

On behalf of the 14 member states of the Caribbean Community (CARICOM), I express gratitude to the High Representative and the OHRLLS, and the chairs of the groups, respectively, Kazakhstan of the LLDCs, Malawi of LDCs and Belize of AOSIS, for convening this dialogue. It is also helpful, in this regard, to be accompanied today by the excellent group of panelists from important institutions.

● The Caribbean remains a heavily indebted region and the region’s capacity to withstand financial stress and debt distress is significantly exacerbated with the challenges stemming from the COVID-19 Pandemic. CARICOM is already experiencing a steep global decline in tourism; unprecedented disruption in transportation and global supply chains; and the contraction of foreign direct investment (FDI) flows and remittances.

● While CARICOM has always called on the international community for fiscal and monetary solutions necessary to manage the magnitude of external shocks and to address the multiplicity of complex development challenges that we face, the current situation requires a transformative shift to achieve debt sustainability in the era of COVID-19 and beyond.

● Although we acknowledge that there has been some response from the international community, including the World Bank Group and the Bretton Woods Institutions, particularly in the form of debt suspensions, MORE needs to be done in order to seriously address the severity of the situation, especially as many of us are not included in the debt standstill.

● In that vein, CARICOM continues to emphasize that debt distressed economies will need rapid and sustained relief in order to recover, preserve progress towards and fully achieve the SDGs. For CARICOM, there has to be access to concessional finance, grants and debt relief and forgiveness in order to overcome the short to long term impacts of crises like those caused by the COVID-19 pandemic. There is therefore an unmistakable need for urgent action to prevent disorderly defaults and litigations.

● As part of the global recovery from this crisis, particularly as it relates to addressing debt, CARICOM supports the three pronged-approach outlined in the Secretary-General’s report “Debt and COVID-19: A Global Response in Solidarity”. While this approach includes critical elements to address the current situation, CARICOM wishes to strengthen the call for:
1. a full standstill on all debt servicing (bilateral, multilateral and commercial) for developing countries, especially vulnerable countries such as SIDS, and to explore innovative debt relief solutions including debt suspension and disaster clauses in sovereign debt contracts;

2. the expansion of eligibility criteria, including the use of vulnerability indices, in new and existing financial instruments and mechanisms, as well as the provision of special windows for SIDS access;

3. global solidarity to addressing de-risking and the maintenance of critical correspondent banking relationships; and

4. more ambitious sovereign debt management reforms that factor in the possibility of truly global shocks on the scale of the current crisis and include the participation of sovereign borrowers and representatives of the official and private creditor community.

- Mr. Chair, If we truly wish to seize the opportunity to build back better, CARICOM is fully convinced that without the necessary and transformative policy response, we will find ourselves in a protracted debt crisis that will substantially erode our efforts at actualizing the sustainable development goals and ensuring no one is left behind.