



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR MAHLATSE MMINELE, DEPUTY PERMANENT REPRESENTATIVE OF THE REPUBLIC OF SOUTH AFRICA TO THE UNITED NATIONS, AT THE THIRD WORKING SESSION OF THE AD HOC COMMITTEE ON SOVEREIGN DEBT RESTRUCTURING PROCESSES (New York, 27 July 2015)**

Mr Chairman,

At the outset let me express my sincere gratitude to you and other Members of the Bureau of the Ad Hoc Committee for hosting this third Working Session of the Ad Hoc Committee on Sovereign Debt Restructuring Processes. Once again, the Group of 77 and China looks forward to giving you and your team all the necessary support you may need in steering Member States to a successful conclusion of the Committee's work.

As it has been recognized in several General Assembly resolutions, the issue of debt and its sustainability is essential for underpinning growth. In this sense, both debt sustainability and effective debt management, as well as the determination of adequate debt repayment capacity that does not impair sustainable development perspectives, are core factors to be considered in the efforts carried out by Member States to attain national and international development goals, including the sustainable development goals (SDGs) in the context of future commitments of the post-2015 development agenda. Previous resolutions on these issues have acknowledged that debt crises are costly and disruptive, including on opportunities to create employment and on encouraging investment and as such tend to be followed by cuts in public spending, including on health and education. These affect the poor in particular.

The international community should realize that no path to growth and development can be fostered with unsustainable debt overhang. Therefore, we believe that debt-restructuring processes should have as their core element, a determination of real payment capacity so that they should not compromise national growth perspectives.

Therefore, we must count on instruments making reasonable and definitive agreements between sovereign creditors and debtors, allowing them to confront debt problems in an orderly fashion, based among others on sovereignty, legitimacy, predictability, impartiality, transparency, co-responsibility (shared responsibility), equitable treatment, good faith and sustainability.

Mr Chairman,

The current situation has once again highlighted the gaps in the international financial architecture with regard to timely and effective solutions to sovereign debt distress. Even if the technical discussions that are being held at several fora represent an important progress, there is still room for improvement.

The Group also believes on the need for continuing efforts to address systemic fragilities and imbalances and to reform and strengthen the international financial system, reaffirming that multilateral institutions, including entities within the United Nations system and other relevant organizations, play an important role, given their respective mandates, in assisting countries in achieving and maintaining debt sustainability.

Mr Chairman,

During the first and second Working Sessions, we noticed that most of our development partners did not attend these historical meetings. We therefore urge all of our partners to attend and participate actively in this third and final working session. We also call on the relevant stakeholders, including the international financial institutions, to participate in accordance with their respective mandates and the established practices of the United Nations.

The Group of 77 and China has been working on non-binding Sovereign Debt Restructuring Principles, which we trust will be positively considered by Member States of the Ad Hoc Committee due to their inclusivity, non-intrusiveness and voluntary character.

The adoption of sound practices in the management and governance of sovereign debt is crucial to the promotion of inclusive economic growth and development through sustainable, good-quality finance and co-responsibility among countries.

Mr Chairman,

Sovereign debt matters should concern both developed and developing countries, therefore the Group would like to urge the United Nations Member States to have open and frank discussions on sovereign debt restructuring processes in order to nurture and strengthen these processes. This should not be depicted as a sole Group of 77 and China issue but as a matter that has the potential to upset the global economy if left un-checked.

Mr Chairman,

The Group of 77 and China wishes to reaffirm the roles of the United Nations and the International financial institutions in accordance with their respective mandates, and encourages them to continue to support global efforts towards sustainable development and to find a durable solution to the problem of the debt management of developing countries.

Furthermore, UNCTAD, the World Bank the International Monetary Fund (IMF) and the Paris Club have a role to play in mapping the way forward on sovereign debt issues as it pertains to providing analytical tools and policy guidance on this issue. All inputs are thus welcome, which would lead to an all-encompassing panorama of views needed to galvanize all Member States to an avenue where a win-win outcome on debt restructuring and management processes would be attained.

The Group of 77 and China would like to assure you Mr Chairman that we will engage constructively in the current Working Session, in order to make meaningful inputs to these discussions.

I Thank You.