



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. SAMEH ELKHISHIN, FIRST SECRETARY OF THE PERMANENT MISSION OF EGYPT TO THE UNITED NATIONS, AT THE SECOND COMMITTEE'S SIDE EVENT: DEBT VULNERABILITIES IN EMERGING ECONOMIES AND DEVELOPING COUNTRIES (New York, 11 October 2018)**

I have the honour to deliver this statement on behalf of the Group of 77 and China.

At the outset, the Group would like to thank UNCTAD, the World Bank and the International Monetary Fund for their work on debt issues as well as the panelists for their informative presentations.

The world faces many challenges and risks that could hinder achievement of the 2030 agenda. Structural changes are urgently needed to address those challenges and to create an enabling international environment in support of development. Debt vulnerabilities is one of the major challenges that could jeopardize the global economy if left unchecked.

Emerging debt challenges and vulnerabilities have intensified across developing countries since 2017. Countercyclical international capital flows and volatile commodity markets increased those vulnerabilities, and, in turn, undermined the domestic policy space and the stable financing conditions needed for development. Several developing countries are fiscally constrained in generating resources needed for implementation of the 2030 agenda due to their debt burdens. Risks of a potential renewed cycle of debt crises and economic disruption pose severe challenge to the achievement of the internationally agreed development goals, including sustainable development goals.

In this context, the Groups stresses the need to explore the means and instruments needed to achieve debt sustainability as well as the necessary policies and measures to reduce the indebtedness of the developing countries, including, inter-alia, debt relief, debt financing, debt restructuring and sound debt management.

There are gaps with regard to timely and effective solutions to sovereign debt distress. The Group reaffirms the importance of debt restructuring being timely, orderly, effective, fair and negotiated in good faith. The Group believes that a workout from a sovereign debt crisis should aim at restoring public debt sustainability, while preserving access to financing resources under favorable conditions.

I thank you.