



**PERMANENT MISSION OF JAMAICA
TO THE UNITED NATIONS**

STATEMENT BY

**HIS EXCELLENCY E. COURTENAY RATTRAY
AMBASSADOR/PERMANENT REPRESENTATIVE
OF JAMAICA TO THE UNITED NATIONS**

ON BEHALF OF THE CARIBBEAN COMMUNITY (CARICOM)



ON AGENDA ITEM 17 (A-E): MACROECONOMIC POLICY QUESTIONS

AND

ON AGENDA ITEM 18: FINANCING FOR DEVELOPMENT

**SECOND COMMITTEE
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Mr. Chairman,

I have the distinct honour to speak on behalf of the fourteen Member States of the Caribbean Community (CARICOM). CARICOM aligns itself with the statements delivered by Guyana on behalf of the Group of 77 and China, and Belize on behalf of the Alliance of Small Island Developing States (AOSIS).

The COVID-19 pandemic has drastically altered the growth trajectory of CARICOM economies, from positive outlooks at the start of the year to sharply reduced projections for the immediate future. The IMF forecasts a 10.3 percent contraction for tourist dependent economies, before a recovery in 2021 of 4.8 percent growth. This holds obvious implications for what the Caribbean is going to look like once we emerge from the crisis.

We are mindful that we are experiencing falling tourism revenues, reduced fiscal space, sharp declines in remittance flows, and a dramatic increase in unemployment, in the midst of accelerating climate change. We emphasise this, because the adverse effects of climate change cannot be overstated, as it remains a fundamental sustainable development challenge for CARICOM Member States. In short, the Caribbean's economic resilience is under severe pressure.

Unlike advanced economies, most developing countries, especially Small Island Developing States (SIDS), lack the monetary, fiscal and administrative capacity to respond to the crisis on their own, making multilateral assistance essential.

Mr. Chairman,

SIDS and middle-income countries have been calling for a global vulnerability index to better capture our ability to absorb external shocks.

The triple shock of the health, economic and financial effects of COVID-19 is affecting CARICOM countries in an unprecedented manner, especially as the external debt positions of some CARICOM countries have deteriorated, given their experience with natural disasters. An external shock of this magnitude has obvious credit implications that may well be manifested in widening sovereign debt spreads. This will be most acute in developing countries that encountered the crisis with already high debt burdens, low levels of foreign reserves and large current account deficits.

CARICOM supports the calls made by several developing countries for immediate debt relief measures to provide the liquidity required to address the impact of the pandemic. In this regard, we welcome the G20 Debt Service Suspension Initiative (DSSI), but believe that it should be expanded to include middle-income countries and extended to 2021. The provision of increased access to concessional low-cost financing would also ameliorate our liquidity needs through to next year. We support the proposal of AOSIS for the establishment of a SIDS Compact to deliver debt relief and increase resilience financing.

It is critical that short, medium and long-term policy responses are tailored to assist SIDS to manage the crisis. As such, over the long-term, we see

merit in the calls for a sovereign debt restructuring mechanism that can provide a basis for undertaking orderly debt work-outs, which would improve the prospects for debt sustainability.

While developed countries have been able to finance robust counter-cyclical fiscal responses to the crisis, many developing countries, faced with higher costs of capital, are struggling to service their debts and re-directing previously planned expenditures towards meeting debt service obligations. We note that of the \$11 trillion global fiscal response that has been implemented so far, 88 per cent of this has been disbursed by high-income countries. Our call, therefore, is for a global coordinated response to the crisis that addresses the financing needs of the most vulnerable countries.

Mr. Chairman,

Transformative and decisive multilateral cooperation is required to close the yawning gap between the domestic resources at our disposal and the level of concessional financial resources available from the multilateral institutions. The international financial system should be placed in a position to provide liquidity when and where it is most needed in times of systemic crisis. This may well include the need for the IMF to consider the issuance or reallocation of Special Drawing Rights. Consideration could also be given to the recapitalization of development finance institutions, a process that is already underway in some DFIs.

The proposal by ECLAC to establish a Resilience Fund that would serve as a large-scale funding mechanism to build climate and economic resilience in the Caribbean is of particular significance for our region. We appreciate the thought leadership and up-stream policy advice provided by ECLAC and the contribution it continues to make to the Caribbean's recovery efforts.

Mr. Chairman,

The COVID-19 crisis comes at a time of heightened trade tensions, increasing unilateralism, and the threat to multilateral institutions. The small and vulnerable economies of CARICOM are struggling as a result of the unprecedented collapse in international trade. With international supply chains in disarray, world merchandise trade is set to plummet by between 13 and 32% by the end of this year. The WTO projects that this deep, COVID-19 induced slump will result in a 9.2% decline in the volume of world merchandise trade for 2020.

Against the backdrop of this dire scenario, CARICOM countries reaffirm our commitment to a universal, rules-based, open, non-discriminatory and equitable multilateral trading system; one that provides unhindered market access for developing countries and ensures their full exercise of special and differential treatment.

Mr. Chairman,

CARICOM commends the Prime Ministers of Canada and Jamaica, who together with the UN Secretary-General, have convened Heads of State and Government, international organizations, the UN system and other key partners around an initiative dubbed ***Financing for Development in the Era of COVID-19 and Beyond***. The initiative addresses critical issues related to the COVID-19 response and recovery and represents an effective coordinated response that could be taken by the international community to tackling the crisis.

Mr. Chairman,

CARICOM considers the mobilization of climate finance and investment capital to be of vital importance. This must be a key component in the strategy to support developing countries to implement their priority projects and programmes, as outlined in their relevant national sustainable development plans.

We look forward, **Mr. Chairman**, to actively participating in this Committee's deliberations, and commit to intensifying our efforts to attain our sustainable development objectives over the coming decade.