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-F): MACROECONOMIC POLICY QUESTIONS

AND

ON AGENDA ITEM 18: FINANCING FOR DEVELOPMENT

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FINAL TEXT

Mr. Chairman,

I have the honour to speak on behalf of the fourteen Member States of the Caribbean Community (CARICOM). CARICOM aligns itself with the statements delivered by the State of Palestine on behalf of the Group of 77 and China, and Belize on behalf of AOSIS.

Despite progress since the adoption of the Addis Ababa Action Agenda, the broad transformation needed to achieve the Sustainable Development Goals (SDGs) by 2030 has not yet happened. In this regard, we welcome the Secretary-General's reports on macroeconomic policy questions and its sub items, which provide a useful context for our deliberations in this Committee.

Mr. Chairman,

Developing countries continue to be faced with increased demands for additional public investment and the mobilisation of financing towards the 2030 Agenda, in particular the SDGs. However, the high debt burden of many of these countries remains a serious threat to their ability to mobilise adequate levels of domestic resources to finance the attainment of these goals.

The Institute of International Finance (IIF), in 2018, estimated that by the end of March 2018, global debt stocks would have reached $247.2 trillion, rising by nearly $25 trillion from a year earlier, and up from $168 trillion at the onset of the financial crisis. Against that background, they concluded that global debt levels will continue to hit new record highs. This will have negative consequences for developing countries, including upper middle-income countries.

UNCTAD, in its assessment of the issue of debt and debt sustainability and interrelated systemic issues, points to the fact that external debt stocks of developing countries continue to increase and is expected to have doubled this year compared to a decade ago. It highlights the impact debt levels continue to have on middle-income developing countries and Small Island developing states (SIDS) in its 2019 Report "Current Challenges to Developing Country Debt Sustainability". Many SIDS, which are also mostly middle-income countries, face additional constraints arising from their growing and increasing vulnerability and exposure to natural disasters and exogenous economic shocks.

An important factor exacerbating these constraints for middle income countries relates to the composition of their total debt, based on their income levels. The evolution of debt for middle income countries differs dramatically from that of low income countries (LICs). As UNCTAD has identified, the long-term public debt of SIDS, which are primarily comprised of MICs, fell from 80% of total long-term debt in 2003 to just 14% in 2018. The flip side of this is that the private debt of SIDS increased to 86% of their total debt.

Conversely, the public debt of LICs has not changed much over this period and still accounts for 80% of their total debt today. We have consistently made the point concerning the pernicious impact of graduation on SIDS, and MICs in general. This is a prime example of how the denial of access to concessional financing windows has forced MICs to meet their development finance needs by resorting to the international capital market, through more expensive sovereign bond issuance.

In order to shift this paradigm, we need a more coherent multilateral approach to addressing debt sustainability, chronic under-investment in public infrastructure, and the long-term financing of disaster risk and climate action. As we have just heard from Ms. Stephanie Blankenburg of UNCTAD, the nature of this looming debt burden crisis will require an urgent and dramatic policy response, including targeted SDG-related debt relief.

Mr. Chairman,

CARICOM views development finance as the indispensable lynchpin for the successful achievement of the internationally agreed development goals. The mobilisation of blended finance, whereby concessional funds are strategically mixed with private investment capital, can enable the realization of key public investments with high development impact, which are critical to achieving the SDGs.

We support an approach to development that meets the needs of vulnerable populations wherever they reside and are conscious of the need to address persistent levels of poverty and inequality. In addition, the vulnerability posed by unsustainably high debt burdens requires comprehensive consideration through the work of this Committee.

Mr. Chairman,

Although poised for economic transition, our potential is seriously constrained by having to choose between high external debt repayment and catalytic growth spending.

Unless these issues are addressed, we will continue to struggle to mobilize adequate resources for SDG implementation.

Mr. Chairman,

As is well-recognised, international trade is one of the most important drivers of economic growth for developing countries. By increasing production and export levels, an economy can realize positive benefits through greater levels of employment, reduced poverty, improved competitiveness, and the transfer of technology.

Although CARICOM has long relied upon external trade as a critical driver of our overall socio-economic development, we face a number of internal and external challenges that constrain our ability to maximise the use of the international trading system as a tool for development. As the SG highlights in his Report, traditional challenges, such as tariff and non-tariff barriers, are being exacerbated by the escalation of trade tensions and protectionist policies. These not only threaten the growth of the world economyonly, but strike at the very foundation of the rules-based multilateral trading system. CARICOM countries are staunch advocates for a universal, rules-based, open, non-discriminatory and equitable multilateral trading system; one which provides for unhindered market access for developing countries and their full exercise of special and differential treatment. This is essential for the realization of our development objectives. However, rather than reaping the benefits of an open, rules-based international trading system, the external debt of SIDS, as a share of export earnings, averaged 108.7% over the past three years. This results from a combination of debt service costs and the deceleration of trade.

As we approach the 12th Ministerial Conference of the WTO in 2020, we are committed to working with the international community, in alignment with the imperatives of the 2030 Agenda, and to restore the spirit of multilateral trade cooperation in order to safeguard mutually beneficial trading relationships.

Mr. Chairman,

In conclusion, we look forward to actively participating in this Committee's deliberations, and commit to intensifying our efforts to attain our sustainable development objectives in the coming decade.

I thank you.