THE UNITED NATIONS’ WORK TOWARDS A MULTILATERAL FRAMEWORK FOR SOVEREIGN DEBT RESTRUCTURINGS

12 May 2015 15-17h
European Parliament - Room P1C047

In September 2014, the United Nations General Assembly approved a resolution entitled “Towards the establishment of a multilateral legal framework for sovereign debt restructuring processes”. A UN Ad Hoc Committee mandated to create this multilateral framework has been established.

The Chairman of this UN Committee, Ambassador Sacha Llorenti, will visit Brussels from May 11 to 13 to gather inputs and discuss the work of the Committee with relevant stakeholders. A key input to the work of the Committee is the new UNCTAD Roadmap and Guide for Sovereign Debt Workouts, which has been developed by an expert group over the past two years and is now ready to be launched. UNCTAD Senior staff representing the UNCTAD Debt and Development Finance Branch will be accompanying Ambassador Llorenti to present this Roadmap.

The aim of this meeting is to increase awareness among Members of the European Parliament about the UN process and to exchange views and ideas on the potential of having an international sovereign debt workout mechanism.

Sovereign debt crises are very difficult to manage. Recent examples include Greece’s and the Euro-group’s challenges to get anywhere near a sustainable solution to the Greek crisis, even after five years of trying. The vulture funds lawsuit against Argentina also reopened a debt crisis that most considered to have been over for more than a decade.

Debt crises have historically been frequent, and more are expected to come. Since the 1950s, there were about 600 cases when sovereign debt became unsustainable and had to be restructured. This is an average of 10 cases of debt restructuring per year. A new wave of crises is expected when global interest rates rise, and commodity prices continue to fall.

The current international ad hoc arrangements are far from what is needed to prevent and manage debt crises, and mitigate the harm they do to affected nations’ economies and people. Also, the EU is far from finding a sustainable solution to its sovereign debt problems, while its institutional framework does not yet contain an orderly state insolvency procedure.

It has been acknowledged for a long time that the lack of such a procedure is a gaping hole in the international financial architecture. Against this backdrop, the work of the Ad Hoc Committee on Debt Restructuring Processes chaired by Ambassador Llorenti is extremely timely.
1. Presentations

- Why reforms are needed
  Bodo Ellmers, Policy and Advocacy Manager, Eurodad

- The United Nations General Assembly process
  H.E. Ambassador Sacha Llorenti, Chair, UN General Assembly Ad Hoc Committee on
  Sovereign Debt Restructuring Processes

- The UNCTAD debt workout roadmap
  Richard Kozul-Wright, UNCTAD, Director, Division of Globalisation and Development
  Strategies

2. First reactions

- MEP Miguel Urban, Podemos (GUE/NGL), Spain
- MEP Elly Schlein, Partito Democratico (S&D), Italy
- MEP Judith Sargentini, Groenlinks (The Greens), The Netherlands / Florent Marcellesi
  EQUO Spokesperson at the European Parliament, (The Greens), Spain
- MEP Stelios Kolouglos, Syriza (GUE/NGL), Greece

3. Question and answers

Further information on the General Assembly process and the work of the Ad Hoc
Committee may be found at www.unctad.info/debtrestructuringprocesses

Event co-hosted by MEPs from: