

Statement of H.E. Mr. Federico Villegas (Argentina),
President of the Trade and Development Board
Special High-level Meeting with
The Bretton Woods institutions, the World Trade Organization and the United
Nations Conference on Trade and Development
*Embracing shared solutions to finance sustainable development in a challenging
environment*
Tuesday, 13 April 2021 at 11.00 a.m. (New York time)

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Thank you, Mr. President.

1. Once again, the pandemic forces us to meet virtually, which is merely an inconvenience when compared with the accentuated vulnerabilities and weaknesses, growing inequalities and poverty, and erosion of multilateralism that have been exacerbated by the pandemic.
2. While the global economy is expected to grow faster in 2021 than earlier predicted, it will still be over USD 4.7 (or more) trillion short of where it could have been. The limited fiscal space, tightening balance of payments constraints and inadequate international support make developing countries bear the brunt of the pandemic's impact now and for years to come.
3. The achievement of many of the SDGs is behind schedule, and developing countries continue to be poorly integrated into the global economy with many of its people left behind as a result.
4. UNCTAD 15, to be held in October 2021, is an opportunity to embrace cooperation and interdependence, to envision and shape a new path where trade, investment, technology and finance can be harnessed to build a more resilient, inclusive and sustainable world. In so doing, we have been focusing on major

global challenges, such as growing inequality, vulnerability, the climate and environmental crisis, the uneven digital transformation, and debt issues, among others.

5. Indeed, our collective aim is to have a transformative event, with an equally ambitious and politically meaningful outcome. We hope that our efforts will contribute to related processes across the UN and around the world. One forum - one process - of special significance in this regard, is this one.

6. Over the years, the transformative aspiration of the Monterrey Consensus has not received as much attention as the other equally important aspects of Financing for Development.

7. Over the years we have seen that the global economy is sick, and it took literally a virus to make this clear for the world to see. Over the past year, we have seen major changes in the way we work, the way we produce, and the way that we deal with each other. The conclusion that many have reached is clear: we are at an inflection point in history, and we must embrace the necessary transformations to achieve our shared objective of prosperity for all. If we do not transform, we may reverse the development gains of recent decades. Given the interconnectedness of development, peace, and security, we may even risk a more dangerous and volatile world.

8. Perhaps one of the most urgent transformations needed is finding a durable solution to debt issues, with exacerbating debt vulnerabilities in developing countries being a central issue in the post-pandemic world. The current crisis provides an opportunity to reform the international debt architecture and the international financial system. A single global sovereign debt authority, independent of multilateral, bilateral or private creditor or debtor interests, is

needed to address the manifold flaws in the current handling of sovereign debt restructuring.

9. In the short-run and to alleviate immediate balance of payment pressures, expansive use should be made of Special Drawing Rights (SDRs). The new general allocation of SDRs in the amount of USD 650 billion currently being discussed is an important step in the right direction. In parallel, it is urgent to explore options to reallocate unused SDRs from members with strong external positions to developing countries in need of liquidity. The reason is simple: the lion's share of any SDR allocation goes to advanced economies who need it least, while developing countries' liquidity needs may remain unmet. While the G7 receives 43.5% of any general SDR allocation, for instance, the whole of Sub-Saharan Africa receives 4.5% and Latin America and the Caribbean 7.6%. The possibility of making use of the upcoming SDR allocation to create a fund within the International Financial Institutions, that would favor more orderly debt restructurings of developing countries or would improve their financing conditions should also be explored.

10. Furthermore, debt suspensions should be extended on a need-basis independently of income level, including private and multilateral creditors and debt cancellations will need to be considered as well. A publicly controlled credit rating agency also needs to be considered. We should shift from a position where private Credit Rating Agencies can hold a position of "arbiters" by setting ratings, when they are also players in the same market.

11. When we think about transforming our world, there is a long-standing shared solution to finance sustainable development in the ODA target of 0.7 per cent of GNI. Judging from the delivery, this target has not been fully embraced in

practice, but meeting it would add some USD380 billion above current commitments in the next two years.

12. Additional finance could be secured, for instance by redirecting funds or establishing a financial transaction tax, which could be channeled to multilateral development banks.

13. Blended finance is seen by many as the way to go to finance sustainable development, yet the small amounts, low leverage ratios, strong concentration on revenue-generating sectors, and lack of transparency, are all areas of concern.

14. Transformation is also not possible without insulating developing countries from the volatility of international capital flows. We need to be bold yet balanced in our approach, with a combination of country-specific, tailored measures and a more balanced and coherent macroeconomic policy and a broader set of central bank goals.

15. At the international level, comprehensive international tax reforms are urgently needed to adapt to current realities and give a voice to developing countries. Cross-border tax transparency, international governance of extractive industries and taxation of the digital economy are areas of attention.

16. Reigniting global trade is another crucial element of the shared solution to financing sustainable development for transformation. A universal, rules-based, free, open, inclusive, non-discriminatory, transparent, predictable, stable, fair and equitable multilateral trading system, as reflected in SDG target 17 to finance sustainable development and transform our world through restoration of growth and job creation. Equitable access of all vulnerable countries to essential goods and services, and most importantly in the current conjuncture to vaccines and treatments at affordable prices, depends on such a system.

Mr. President,

17. It is therefore crucial that we advance together, with determination and bold, concerted actions, to address the impacts of the pandemic and get back on track to achieve the SDGs and achieve the meaningful, development-oriented integration of developing countries into the global economy. This is the time for courage, and action, so that together, we will succeed in realizing a world of prosperity for all.

Thank you, Mr. President.