STATEMENT BY

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TO THE UNITED NATIONS

ON BEHALF OF
THE CARIBBEAN COMMUNITY (CARICOM)

ON AGENDA ITEM 17: MACROECONOMIC POLICY QUESTIONS:

(a) INTERNATIONAL TRADE & DEVELOPMENT
(b) INTERNATIONAL FINANCIAL SYSTEM AND DEVELOPMENT
(c) EXTERNAL DEBT SUSTAINABILITY AND DEVELOPMENT

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UNITED NATIONS GENERAL ASSEMBLY

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PLEASE CHECK AGAINST DELIVERY
Mr. Chairman,

I have the honour to deliver this statement on behalf of the fourteen Member States of the Caribbean Community (CARICOM).

CARICOM aligns itself with the statement delivered by the distinguished Permanent Representative of Fiji, on behalf of the Group of 77 & China. CARICOM also aligns itself with the statement delivered by the distinguished representative of Cuba, on behalf of the Community of Latin American and Caribbean States (CELAC).

We welcome the reports of the Secretary General on Agenda Item 17: Macroeconomic policy questions and its sub-items and thank the members of the panel for their presentations on these important issues.

**Macro-economic policy environment**

Mr. Chairman,

The small island developing states (SIDS) of CARICOM, which include commodity exporting economies, service economies and the micro-states of the Eastern Caribbean, share certain characteristics with other small states in the global economy including macro-economic vulnerabilities due to size, significant capacity constraints and a lack of economies of scale. However, many of these challenges are manifested in particularly problematic ways in the economies of the region, which are characterised by high debt burdens, low growth and limited resilience to a range of economic and environmental exogenous shocks including climate change.

The global economic and financial crisis has had a particularly negative and ongoing impact on these small, vulnerable economies resulting in a substantial decrease in tourist arrivals to the region, a reduction in the volume of remittances and a weakening of exports. The crisis also led to the further deterioration of the already precarious fiscal positions of the region’s Governments and to an increase in their debt burdens. As outlined in ECLAC’s ‘Updated
Economic Overview of Latin America and the Caribbean’ for 2012, fiscal deterioration was greater in the Caribbean than in the rest of the region. While it is acknowledged that the global economy is gradually recovering from the crisis experienced since 2008, the region has not yet felt its impact. In addition, given the interconnected nature of the current global economy, episodes which affect major economies have consequential ripple effects on our economies.

Mr. Chairman,

Like other developing country economies, CARICOM economies have been hard pressed to find effective strategies to address the effects of the confluence of crises of recent years, including the aforementioned global economic and financial crisis, the food and fuel crises, declining levels of ODA and limited access to concessionary financing.

The overall decline in global economic activity, the GDP weakening in developed countries and the slower pace of growth in emerging economies, have resulted in increased unemployment globally and a significant reduction in the availability of financing for developing countries. This situation has exacerbated our longstanding and inherent vulnerabilities, and challenged the Governments of CARICOM Member States as they strive to maintain domestic economic stability and advance our development agendas.

Declining earnings, low growth and unsustainable debt burdens have resulted in limited fiscal space and made it difficult for the Governments of the region to allocate sufficient resources to social development programmes such as those that are central to the achievement of the Millennium Development Goals (MDGs).

Despite the challenges, CARICOM remains committed to the internationally agreed development goals, including the MDGs, and will continue to pursue policies aimed at growth, job creation and the protection of citizens in vulnerable situations.
Debt sustainability and development

Mr. Chairman,

The report of the Secretary General on External debt sustainability and development clearly highlights the challenges that developing countries continue to face in relation to debt. As noted in the report, statistics emanating from UNCTAD indicate that for the period 2011 to 2012, developing countries’ debt levels grew by approximately 12.4 per cent, and it was estimated that, in 2012, the total external debt of developing countries was US$5.4 trillion. The question of debt sustainability is therefore one that is central to the broader discourse on development given the many ways in which high levels of indebtedness and the funds devoted to debt servicing serve to undermine long-term development planning.

CARICOM has the unfortunate distinction of being one of the most highly indebted regions in the world, and unsustainable debt to GDP ratios have only worsened since the global financial and economic crisis. One of the side-effects of high indebtedness is that it crowds out private investment and financing for development. This challenge is compounded by the fact that most Caribbean countries no longer qualify for concessional borrowing from international financial institutions (IFIs).

For CARICOM, it is important to examine the matter of debt sustainability in relation to Middle Income Developing Countries, particularly as it regards the ways in which the Middle Income Country (MIC) categorisation can serve to obscure persistent development challenges.

CARICOM supports the calls for the establishment of a Working Group, under the aegis of the General Assembly, to continue to study and explore options for improved approaches to debt restructuring that take a holistic approach to debt sustainability. Such an approach should also include the question of external debt sustainability as this remains high on the agenda of CARICOM Member States.
**International trade and development**

Mr. Chairman,

Many developing countries, including countries in CARICOM, have been unable to benefit fully from the current multilateral trading system due to current uncertainties and longstanding systemic imbalances in the international economy. As we create the new global development agenda for post 2015, the international community will have to continue taking steps to address such imbalances.

In addition, the Secretary General recognizes in his report that trade policy alone cannot put in place the conditions necessary for transformational shifts but that there is a need for support from a wide range of complementary policies within a coherent and integrated strategic development framework. In this regard, the focus within the region has to be on producing goods and services that are competitive in the global markets and that reflect the changed realities of the production process. Countries within the Caribbean will also have to look seriously at diversifying their markets, while maintaining existing trading and development partnerships. This has to be the route to achieving economic growth.

CARICOM countries are supportive of the ongoing efforts, within the context of the WTO Doha Round of trade negotiations, to strengthen the rules-based multilateral trading system, by including a strong development component. However, in these challenging economic times, there has to be continuing focus on building productive capacity in goods and services and strengthening the trade infrastructure in small developing countries like those in the Caribbean.

In addition, there continues to be concern about the relationship between the multilateral trading system and the proliferation of bilateral and plurilateral free trade agreements. The Secretary General recognizes that the new generation of regional and asymmetrical trade agreements presents challenges and opportunities for developing countries, but can, in fact, be a risk for the more vulnerable developing economies.
Mr. Chairman,

Despite the challenges that come with the openness of our economies, the benefits of continued engagement in the global economy and financial markets outweigh the costs, particularly as it regards the potential for foreign investment, as well as increased trade and market access. Our survival will depend in the first instance on our implementation of a range of changes to shore up the resilience of our economies. At the same time, our efforts will be for naught in the absence of measures to improve global economic governance, to address long-standing systemic imbalances, and good faith attempts to deliver on the commitments that will be the key to the creation of an effective post-2015 development agenda that is truly conducive to what the Secretary-General has called for – a life of dignity for all.

I thank you.