Press conference UNCTAD: Developing countries crippled by debt need urgent relief, stresses UN trade agency

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Story

Developing countries crippled by debt need urgent relief, stresses UN trade agency

Far too little constructive support has been provided to help developing countries escape from crippling debt related to the COVID-19 outbreak, leading UN economists said on Thursday.

According to the United Nations Conference on Trade and Development (UNCTAD), urgent measures are needed to head off what it has called a “looming debt disaster” in emerging economies.

It’s calling on international investors and creditors to agree to write off debt relief to developing countries.

Some welcome steps have already been taken, including the decision on 13 April by the International Monetary Fund (IMF) to cancel debt repayments due by the 25 poorest developing economies for the next six months.

This alone was estimated at around $215 million.
That IMF decision was followed two days later by the leaders of the Group of 20 leading economies (or G20), who announced the suspension of debt paybacks for 73 of the world’s poorest countries from May to the end of the year.

Welcoming these measures, UNCTAD economist Richard Kozul-Wright said that they would free up sorely needed resources which are needed to respond to the pandemic, and which are normally dedicated to paying off external debt.

But he insisted that more “systematic, transparent and coordinated measures towards writing off developing country debt across the board” are urgently needed.

A trillion dollar write-off would be closer to the figure needed to prevent economic disaster across the developing world, Mr Kozul-Wright added.