



Participation of the Paris Club in the Paris Peace Forum's panel "Back to the future: Debt, a Returning challenge"

Odile Renaud-Basso, as Chair of the Paris Club, participated in a conference of the Paris Peace Forum on the challenges of sovereign debt, on 12 November 2018.

This session brought together various panelists: academics (Jean Pisani-Ferry and Yves Tiberghien), think tanks (Kenichiro Sasae of the Japan Institute of International Affairs), and international organizations (Hugh Bredenkamp of the IMF and Odile Renaud –Basso, Chair of the Paris Club).

The conference was designed to discuss sovereign debt issues in a context where the level and pace of debt growth in advanced economies and developing countries is a growing source of vulnerabilities. Several topics were discussed: debt dynamics in many developed countries following the financial crisis of 2007-2008 and vulnerabilities linked to external shocks such as interest rate shock, the reindentedness of developing countries, despite the debt relief granted to the poorest countries in the years 1990-2000 (Heavily Indebted Poor Countries Initiative, HIPC); but also the situation of China, both a major emerging creditor and a dynamic borrower on the financial markets.

Odile Renaud-Basso explained the role of the Paris Club, the principal international forum for restructuring bilateral official debts. Its expertise in coordinating official creditors, built on 60 years of existence and more than 430 debt restructuring agreements, was highlighted. The flexibility of the Club and its relevance, including for non-Paris Club creditor countries, was underlined, as 35% of the Paris Club's debt treatments were concluded with non-member creditors. The Paris Club is also constantly evolving, with its enlargement to emerging creditors such Brazil and South Korea in 2016, and the regular participation of China and South Africa in some of his work. The Paris Club Chairperson emphasized the importance of the dialogue between all stakeholders on sovereign debt issues, highlighting the role played by the Paris Forum since 2013- a forum for dialogue between creditor and debtor countries alike- aiming at developing a common approach on sovereign debt issues and identifying good practices to prevent risks. For example, in 2016, the Paris Forum initiated the first definition of sustainable financing principles, which were then adopted by the G20 member countries in 2017, with the aim of enhancing transparency and sustainability of financings, and the coordination of sovereign creditors. The question of the implementation of these principles and the adoption of comparable best practices by private creditors are today an ongoing work in the G20 and in the Paris Club.