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Club de Paris
Paris Club

PRESS RELEASE OF THE PARIS CLUB

MEETING OF THE PARIS CLUB WITH REPRESENTATIVES OF THE PRIVATE SECTOR

On Wednesday 23 May 2007, the Paris Club held its annual meeting with representatives of the private sector, including representatives of banks, bondholders, investment funds, and other members of the international financial community. Representatives of the IMF and World Bank as well as representatives from two countries that are regularly associated to Paris Club negotiations and sessions (Brazil and Korea) also attended the meeting.

As usual, the Paris Club Secretariat made a presentation of its activity in the previous year and the representatives of the private sector reviewed the implementation of the "Principles for emerging markets", especially in the light of the first year of activity of the Principles Consultative Group.

On the occasion of their annual gathering, public and private creditors focused on the debt issues related specifically to low-income countries.

The first part of the discussion was dedicated to the private sector participation in the enhanced Heavily Indebted Poor Countries (HIPC) initiative. Full participation of every category of creditors is crucial to ensure that HIPC countries debt becomes sustainable and to maximize the amounts being freed to reduce poverty. It is also a prerequisite to ensure the respect of the principle of comparability of treatment among creditors.

Furthermore, the Paris Club creditors underscored their concern about the actions of some litigating creditors against Heavily Indebted Poor Countries. They informed the private sector participants of their agreement to intensify their work on this issue with a view to identify concrete measures to tackle this problem.

The second part of the discussion focused on the long-term debt sustainability of recent recipients of debt relief. The IMF and World Bank's Debt sustainability framework (DSF) plays a key role as a common reference to be used by all creditors in defining their lending policies. Responsible lending policies are a common goal for the public and private sectors because it is in all creditors' interest to preserve a debtor's long-term capacity to service its debt.