



Meeting of the Ministers of Finance | 8 September 2020 Remarks of ICC Secretary General John W.H. Denton AO

- > Thank you—your Excellency Deputy Secretary General, the Honorable Deputy Prime Minister of Canada, and the Minister of Finance and the Public Service of Jamaica—for the opportunity to address this important meeting.
- > Thank you also for your leadership in this critically important process.
- > The International Chamber of Commerce—the institutional representative of over 45 million businesses—stands in solidarity with all governments in the effort to protect lives and livelihoods in the context of the COVID-19 pandemic.
- > Given the real, human dimension to this crisis, we also stand in solidarity with the workers of the world, represented by the International Trade Union Confederation.
- > On the question of what the private sector can do to help resolve the crisis in the short term, business is doing its bit. Indeed, in some cases businesses have been extraordinarily adept at adapting to COVID-19-related disruptions to supply chains despite, not because of, government actions.
- > This is especially true as regards the international cooperation that is vital to avoid deep scarring of the real economy. And, by extension, the increasingly urgent need for a step-change in approach from leading governments.”
- > The Report highlights the precarious economic situation caused by the crisis, but statistics are one thing: I’m here to talk about the businesses and people behind those figures—and what recent economic events mean for the livelihoods of them and their families.
- > The pandemic has had a devastating effect on businesses throughout our network. To take just one example, new data from our network shows that almost 35% of businesses in the Bogotá region—which accounts for 30% of Colombia’s GDP—have permanently closed as a result of the economic effects of the pandemic.
- > **We are now starting to see the full effects of the crisis on the real economy, and broad, rapid—and continued—fiscal stimulus is essential to ensure the viability of small businesses until demand returns to the global economy.** In an interdependent world, no country—however advanced—can expect to see a return to normality, until all governments have the fiscal space to contain the pandemic and provide the necessary support to businesses and families.
- > **For ICC, a comprehensive package on sovereign debt is an important enabling element of that fiscal stimulus.** What this emergency has ultimately shown is that sovereign debt crises are not simply the concern of sovereigns and their creditors: they have spillover effects for the private sector. We are already seeing signs that the supply of essential finance by commercial banks to businesses is retrenching as a result of the fiscal position of emerging market sovereigns. Signs of volatility in the trade finance market could well be the canary in the coalmine in this regard.
- > Businesses around the world are increasingly concerned with the debt sustainability of their governments: fearful of what the contagion caused by a raft of sovereign defaults could mean for their operations and continued viability.

- > In this context, we urge G20 Governments to commit, without delay, to three actions:
 1. to extend the DSSI through to 2021;
 2. to expand its scope based on the vulnerability of middle-income countries and Small Island Developing States; and
 3. to establish strong mechanisms to ensure full participation by private creditors.
- > And on this latter point, we would also encourage private creditors to reflect on the fact that it may very well be in their best interests—in both the short- and long-term—to meet the moment and join official creditors in the DSSI.
- > **In addition, the international community must again give urgent consideration to a major issuance of IMF special drawing rights.**
- > SDRs were used to great effect in 2009, proving very effective in propelling countries out of the Great Recession. If ever there was a time for the deployment of SDRs, that time is now.
- > For countries still skeptical of the value of a major SDR issuance in this time of crisis, consider the following. An SDR issuance is:
 - **costless for IMF Members**, providing much-needed liquidity for countries in need, without imposing a burden on taxpayers; it is
 - **economically efficient**, particularly if accompanied by an ability to redistribute SDRs, by mutual consent, to those countries suffering the most; and it is
 - **counter-cyclical**, boosting demand for exports around the world, creating a win-win for advanced and emerging economies.
- > **On a concluding note, the maxim goes that the “V” in any post-pandemic recovery will stand for vaccine.** But this will only hold true if there’s genuine international coordination in its rational and equitable supply and distribution. And in this regard, the single greatest economic stimulus that can be made is financial support for the COVAX Facility. We encourage all countries with the means to do so to ensure full capitalization of COVAX before the September 18 deadline.
- > World leaders should remember that there can be rational self-interest in global solidarity when it comes to financing the response to and recovery from COVID-19. From a real economy perspective, the “business case” for enhanced international cooperation on debt, emergency financing, and access to vaccines, is crystal clear.
- > Thank you.

ABOUT THE INTERNATIONAL CHAMBER OF COMMERCE (ICC)

The International Chamber of Commerce (ICC) is the institutional representative of more than 45 million companies in over 100 countries. ICC’s core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions and standard setting, we promote international trade, responsible business conduct and a global approach to regulation, in addition to providing market-leading dispute resolution services. Our members include many of the world’s leading companies, SMEs, business associations and local chambers of commerce.



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