

RESOLUTION 1.14

TOWARDS THE ESTABLISHMENT OF A MULTILATERAL LEGAL FRAMEWORK FOR SOVEREIGN DEBT RESTRUCTURING PROCESSES

Proposal by CTERA/Argentina

Original language: English

1. **Observing** that the sovereign debt crisis constitutes a recurrent problem, generating negative political, economic and social consequences; and that the processes for restructuring said debts are increasingly more frequent in the international financial system.
2. **Observing** with concern that certain developing countries with low and medium income continue to experience difficulties in finding a lasting solution to their external debt, which could have a negative impact on the mobilisation of public debt resources.
3. **Taking note** that it is important for countries that intend to pursue their own path to development to be able to restructure their debt as a crisis management and forecasting tool, as well as to prioritise productive investment and the increase of resources to support social policies and the distribution of income.
4. **Taking note** of the need to define policies that can contribute to the international financial system being able to count on a legal system that guarantees an appropriate regulatory framework.
5. **Recognising** that the efforts of a State to restructure its sovereign debt must not be frustrated and obstructed by groups of speculators who acquire debt at vile prices on the secondary markets of highly indebted States, with the intention of litigating in order to try to obtain reimbursement of the full value.
6. **Observing** with concern that the actions of what are known as "vulture funds," in their purely speculative pursuits, are turning into a threat for all the future debt restructuring processes, for developing as well as for developed countries.
7. **Observing** with concern that the international financial system does not have a solid legal framework for the orderly and foreseeable restructuring of sovereign debt.
8. **Recalling** that on 9 September 2014, the General Assembly of the Organisation of the United Nations approved by a large majority, with only 11 votes against and 41 abstentions, Resolution 68/304, "Towards the establishment of a multilateral legal framework for sovereign debt restructuring processes," sponsored by the government of Argentina and presented by the Group of 77 plus China, which initiated a process of inter-governmental negotiations to create a multilateral legal framework for sovereign debt restructuring processes so as to increase the efficiency, stability and foreseeability of the international financial system and achieve sustained, inclusive and equitable growth.
9. **Taking** into account that the General Board of the International Trade Union Confederation which convened in Brussels on 18 December 2014 called on the affiliated organisations to take actions at national and regional level to denounce the serious social consequences caused by the actions of "vulture funds" and on the UN to adopt a better legal framework for sovereign debt restructuring processes in 2015;

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10. **Urges** the Executive Board of EI to express its support for the initiative approved by the United Nations to broach the approval of an international legal framework on the topic in question at the General Assembly of next September 23rd.
11. **Calls** for a denouncement of the social consequences of speculative actions by the so-called "vulture funds" and in particular the negative impact on fiscal resources intended to support education.
12. **Calls** upon the member organisations of EI to develop actions so as to disseminate, at regional and national levels, opinions and proposals by the trade union movement on this issue, and to forward them to the governmental representations that will have to raise them at this year's UN General Assembly.