

# **Impact of the Pandemic on the International Economy Panel Discussion**

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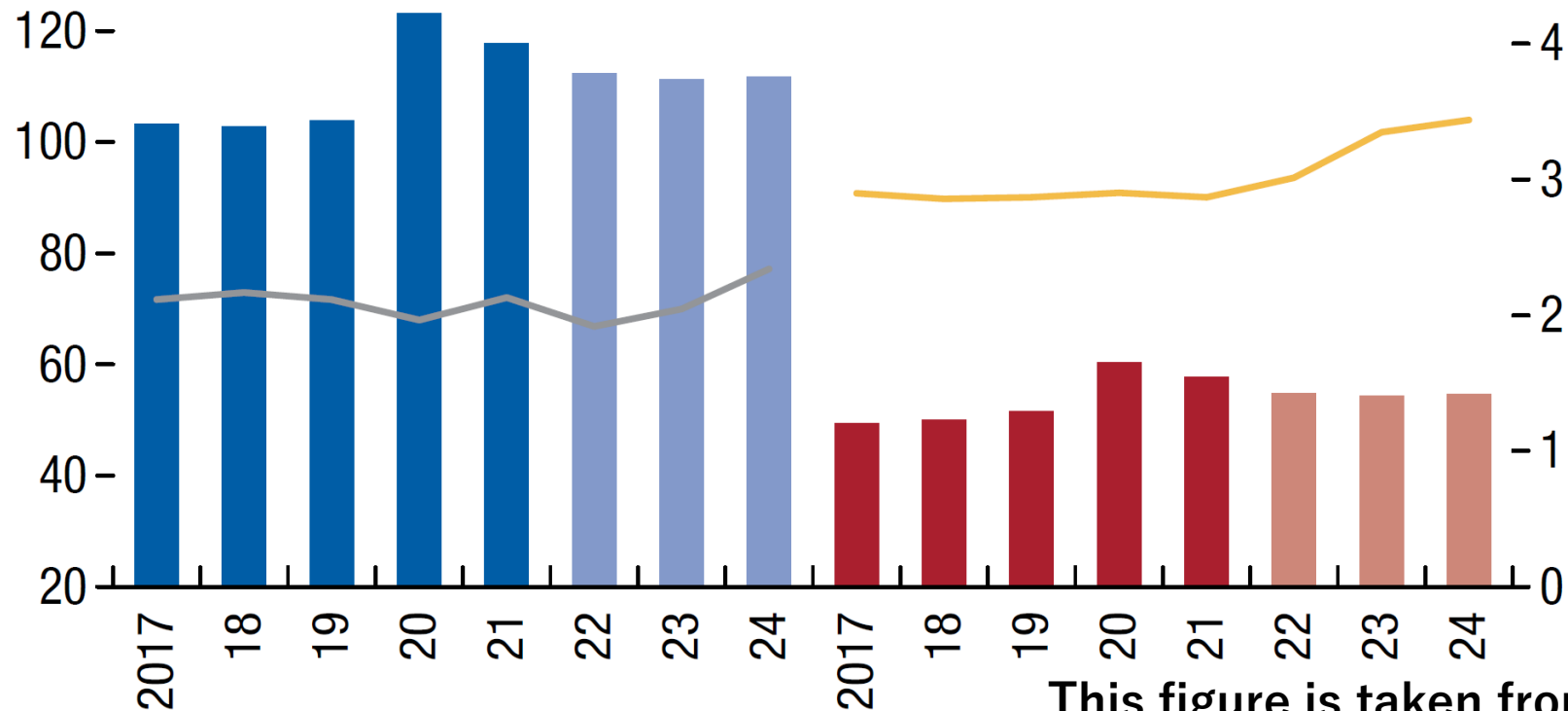
*International economic consequences of the pandemic: Many developing countries have been forced to take large-scale fiscal measures urgently. This has created substantial systemic risk.*

- *What institutional reforms are needed to improve systemic resilience?*
- *In what area would international cooperation be needed as a result of the pandemic?*

# Figure ES.2. National Gross Debt and Interest Expense, by Income Group, 2014–24

*(Percent of GDP, weighted averages)*

- Debt-to-GDP ratio, advanced economies (left scale)
- Debt-to-GDP ratio, emerging market and developing economies (left scale)
- Interest expense, advanced economies (right scale)
- Interest expense, emerging market and developing economies (right scale)



This figure is taken from IMF Fiscal Monitor Oct. 2022

Sources: IMF, World Economic Outlook; and IMF staff calculations.

Note: China is excluded. Bars for 2022–24 are projected data.

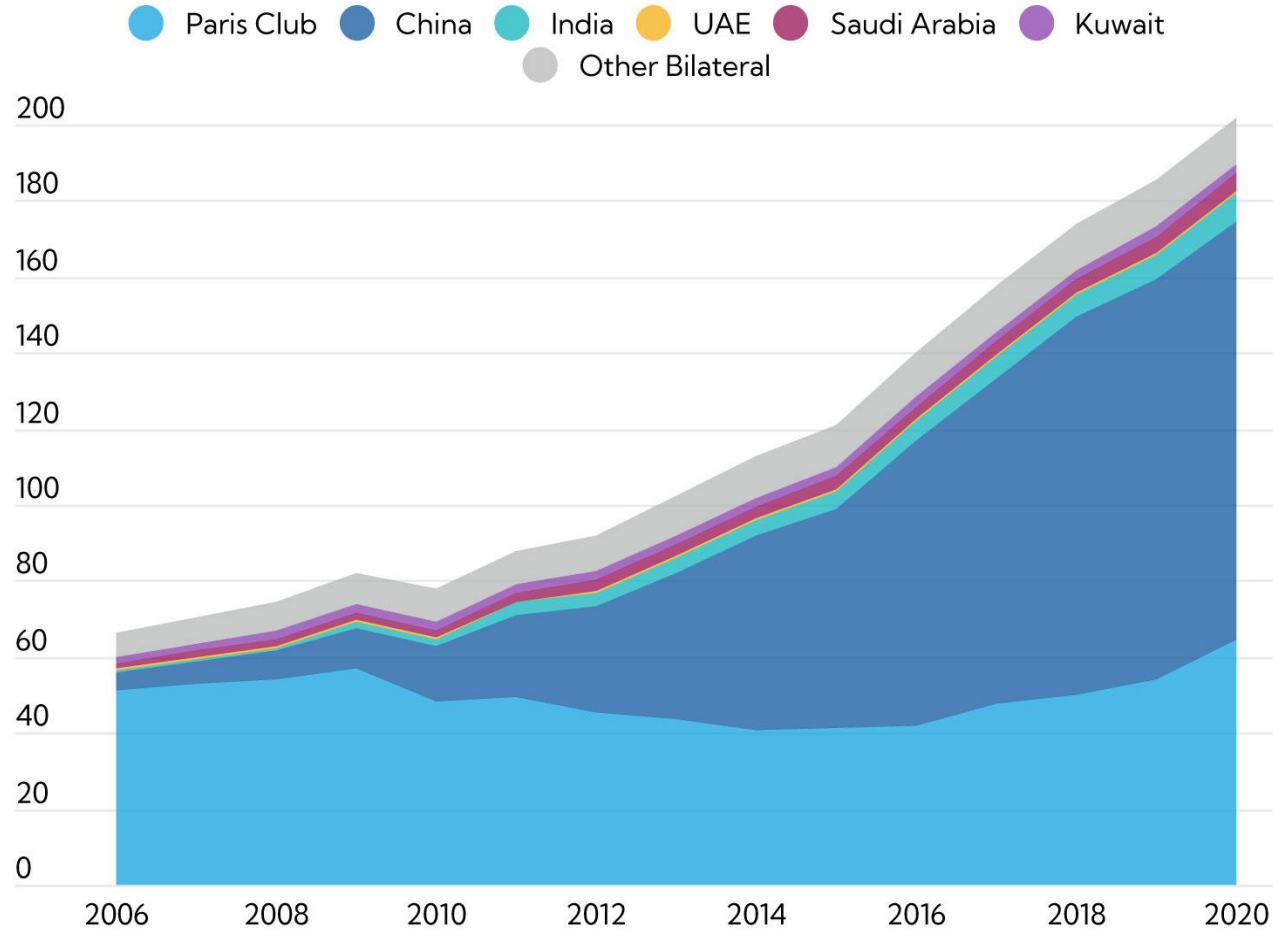
“According to the IMF’s debt sustainability analyses, eight low-income countries are in debt distress and 30 are at high risk of distress (out of 69 countries considered low-income countries—among which, there are some frontier markets)”

**IMF GFSR Oct. 2022**

## Highly indebted

Public external debt of low-income countries to non-Paris Club creditors grew significantly in the last decade.

(US\$ billions)



Source: World Bank's International Debt Statistics database (last updated 10/10/2021).

Note: The chart shows public and publicly guaranteed debt of Debt Service Suspension Initiative eligible countries. UAE = United Arab Emirates.

This figure is taken from the IMF blog

# Paris club and G20 countries

<b>G20 &amp; Paris club</b>	<b>Paris club only</b>	<b>G20 only</b>
Australia	<b>Austria</b>	<b>Argentina</b>
Brazil	<b>Belgium</b>	<b>China</b>
Canada	<b>Denmark</b>	<b>India</b>
France	<b>Finland</b>	<b>Indonesia</b>
Germany	<b>Ireland</b>	<b>Mexico</b>
Italy	<b>Israel</b>	<b>Saudi Arabia</b>
Japan	<b>Netherlands</b>	<b>South Africa</b>
Korea	<b>Norway</b>	<b>Turkey</b>
Russia	<b>Spain</b>	<b>EU</b>
UK	<b>Sweden</b>	
US	<b>Switzerland</b>	

# The common framework for debt treatments

- G20 common framework that requires an IMF-supported program could
  - Establish an attractive pilot case
  - Bring information together with high transparency
  - Provide incentive for preemptive debt rescheduling
  - Help to involve all the stakeholders
- How can the IMF-supported programs be funded?
  - Voluntary contributions to concessional financing support
  - IMF can actively borrow from its members to fund its large-scale crisis lending