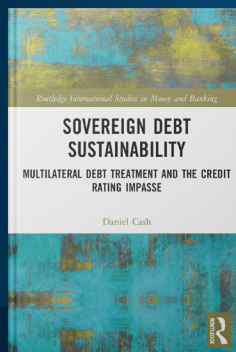


Sovereign debt sustainability: multilateral debt treatment and the credit rating impasse.

MAK, C.H.W.

2023



BOOK REVIEW

SOVEREIGN DEBT SUSTAINABILITY: MULTILATERAL DEBT TREATMENT AND THE CREDIT RATING IMPASSE

Author: Daniel Cash | Publisher: Routledge, November 2022 | ISBN 9781032198651¹

Review by Charles Ho Wang Mak*

The 2007-09 global economic crisis resulted in pressing issue for many countries, especially those with lower-income levels which saw their sovereign debt increase exponentially. The COVID-19 pandemic has only worsened matters. As a result, there is an urgent need for innovative solutions to address the problem and ensure the sustainability of sovereign debt. In this regard, Dr Daniel Cash's book, *Sovereign Debt Sustainability: Multilateral Debt Treatment and the Credit Rating Impasse*, provides valuable insights into this field.

Cash offers a fresh perspective on the credit rating deadlock by delving into its intricacies and presenting a broader view of the systemic roots of debt-related issues. The book scrutinizes the solution advanced by the G20 group and argues that the inability to bring sovereign states and private creditors together to renegotiate debt agreements is likely to result in an unsuccessful attempt to address this issue. Cash also explores the issue of credit rating impasse (i.e., credit rating agencies' reluctance to downgrade - as a hindrance to countries participating in debt relief initiatives). By examining the positions of sovereign states, private and official creditors, multilateral institutions, credit rating agencies, and geopolitical factors such as the China-US rivalry, Cash sheds light on the systemic underpinnings of debt-related problems. The book also comprehensively analyses the recent history of debt treatment for poorer countries and proposes a novel solution to break the deadlock in resolving debt-related issues, making it an insightful and relevant contribution to the ongoing debt crisis debate.

Dr Daniel Cash, the book's author, has extensive knowledge of the regulation of sovereign debt, credit and Environmental, Social, and Governance rating agencies. He offers valuable insights into the complexities of this topic. This book is more than just a thorough assessment of the issue. It serves as a call to action, as Cash presents innovative solutions to the credit rating impasse. This book is divided into six chapters. The first chapter presents a historical overview of debt relief initiatives for African countries. It emphasises the short-term nature of these activities and the necessity for additional interventions. The chapter also explores colonialism's impact on debt and the need to include it in understanding debt-related issues. The second chapter investigates the financial and non-financial consequences of the COVID-19 pandemic. This chapter sets the stage

for the multinational endeavours discussed in the next chapter. The Debt Service Suspension Initiative ('DSSI'), the Common Framework for Debt Treatment, and the credit rating impasse are all covered in Chapter 3. The chapter explores the legal variables affecting creditors' and debtors' relationships, particularly the collective action clause. The fourth chapter suggests a solution to the credit rating impasse, emphasising the role of creditors in formally backing the proposal, followed by the credit rating agencies. The chapter outlines a specific rating strategy for states linked to multilateral efforts and suggests an advising service to help sovereign states and credit rating organisations work together. The fifth chapter focuses on the legal framework surrounding credit rating agencies and offers essential items that lawmakers and regulators should rethink to achieve the plan of action. The chapter goes into great length on the crucial legal aspects. Chapter 6 examines the opposing dynamics in African states' geopolitical environments and presents a vision for their future growth. The book examines debt-related difficulties and proposes an innovative approach that might help poorer countries.

Policymakers, practitioners, and scholars grappling with issues related to debt sustainability are sure to find this book an invaluable resource. Cash's innovative solution to the failure of the G20's debt-related activities is explained clearly and concisely, making this book suitable for academics and researchers in economics, international relations, and development studies, as well as policymakers and government officials who are engaged in international finance and debt negotiations. Further, this book is a significant resource for understanding the recent history of debt treatment for poorer countries, particularly concerning COVID-19 and developing the DSSI and the Common Framework for Debt Treatment. The author investigates the causes of their failure in depth, highlighting the distinction between private and public creditors, international organisations such as the IMF and the World Bank, and the systemic roots of debt-related concerns. Finally, this book is a must-read for everyone interested in the systemic difficulties of debt sustainability and the credit rating impasse. Its contents, which have been well investigated, and insights, which are based in practice, give useful ideas for dealing with the issue of global debt in a realistic manner.

¹ Members of INSOL International are entitled to 20% discount by using code AFL01 until 30 June 2023.

* Charles Ho Wang Mak is a PhD Candidate in law and a Graduate Teaching Assistant at the University of Glasgow, a Fellow of the Centre for Chinese and Comparative Law at the City University of Hong Kong, an Honorary Fellow of the Asian Institute of International Financial Law at the University of Hong Kong, a Research Affiliate at SovereignNet at The Fletcher School, Tufts University, and a Research Associate at China, Law and Development Project at the University of Oxford.