

From Risk to Opportunity: U.S. Economic Strategy in a Debt-Burdened World

Daria Grishina

U.S. companies seeking to preserve or expand operations in emerging markets face elevated risks of sovereign debt default that may jeopardize their investment strategies and disrupt business planning. Stable and creditworthy partner economies encourage demand for U.S. goods and services. Likewise, they promote more predictable, long-term commercial engagement.

According to the 2024 *International Debt Report*, [over 50%](#) of IDA-eligible countries were assessed to be at high risk of or already in external debt distress, as debt burdens continued to rise, and income growth slowed. That kind of pressure increases financing costs, suppresses consumer spending, and constrains local government commitment to develop key industries – including those with significant American firms' involvement.

Launched five years ago by the G20 and Paris Club, [The Common Framework](#) (CF) for Debt Treatments was designed as a mechanism for coordinating sovereign debt workouts. Its effectiveness has far-reaching implications for global market stability. The CF affects investor confidence, sovereign risk, and can help reduce the legal and political uncertainty that tends to slow down debt negotiations.

As the 2026 U.S. G20 presidency approaches, there is a clear opportunity to lead on [reforming the CF](#). Despite its promise, the CF still struggles to produce timely, effective outcomes, and addressing those gaps will require sustained political will, practical solutions, and strategic leadership. By convening of B20 under the U.S. presidency in 2026, the U.S. Chamber of Commerce will bring the private sector's voice to the table and help drive meaningful progress in this process.

Implications for American Companies Operating Abroad

The CF is more than a sovereign debt resolution tool. For U.S. institutions and businesses – including banks, insurers, extraction companies, manufacturers and multinational service providers – an efficient and predictable restructuring regime mitigates financial and operational risk, while supporting more sustainable investment conditions in high-growth regions.

The [U.S. Bureau of Economic Analysis](#) announced that U.S. direct investment abroad reached \$6.68 trillion in 2023. Emerging markets and developing economies (EMDEs) received substantial investments in energy, infrastructure, finance, and manufacturing sectors. Additionally, based on the Bank for International Settlements ([BIS](#)) data, foreign banks, including U.S. institutions, account for 15–20% of total credit to emerging market economies through cross-border lending and bond holdings.

As indicated by the [BIS](#), cross-border banks' credit to EMDEs continued to expand in Q1 2025, rising by \$100 billion to reach a total of \$5.9 trillion. Borrowers in Africa and the Middle East experienced the largest growth of credit, with a significant share – \$63 billion increase in dollar-denominated credit. Official U.S. bilateral lending also contributes tens of billions of dollars to EMDEs. In addition, [private institutional investors](#) – including hedge funds, pension funds, and bondholders under New York law – hold a substantial, though less transparent, portion of this debt.

The CF's coordinated, rules-based mechanism for restructuring unsustainable sovereign debt reduces the likelihood of disorderly defaults and systemic spillovers. It thus helps preserve macroeconomic stability in markets where U.S. companies are active. Furthermore, the CF requires participation from all major creditors, including China. It strengthens transparency and ensures fairer treatment for American firms amid growing global economic fragmentation. The performance of the CF today will shape the commercial opportunities and competitive dynamics facing American businesses in emerging markets for years to come.

Key Features of the Common Framework

[The CF](#) works in close alignment with international financial institutions – most notably the IMF and the World Bank – to facilitate the restructuring of unsustainable sovereign debt. It's meant to operate alongside IMF-supported economic reform efforts and is guided by a debt sustainability assessment that both institutions conduct jointly. When a country asks for relief under the CF, the process starts with a formal request submitted by the borrower's government. After that, a group of official bilateral creditors is formed to negotiate the restructuring terms. Private creditors aren't legally required to match public lenders' terms, but are expected to offer comparable relief. This ensures burden-sharing and helps maintain a stable, coordinated restructuring process.

Initial Lessons from the Implementation

The experience with CF to date has been mixed. While the initiative has established a clear mechanism for managing debt restructurings among official and private creditors, its implementation has exposed important challenges. According to the 2024 G20 Note issued under Brazil's presidency, the CF requires greater operational efficiency, transparency, and consistency to deliver timely results. In that same note, the G20 stressed the need to improve how information flows between the IMF, World Bank, and official lenders – and also pointed to the lack of a coherent approach for working with private creditors.

Debt treatments in Zambia, Chad, Ethiopia, and Ghana have highlighted major challenges in practice. Creditor disagreements and sluggish procedures have dragged out these debt negotiations well beyond what's reasonable, raising broader concerns about the CF's reliability. In both [Zambia and Ghana](#), ongoing [debt problems](#) have interfered with energy agreements and delayed payments for infrastructure work, causing issues for American companies and other international investors working under public-private deals. These situations highlight the need for more efficient procedures, stronger coordination between creditors, and clearer steps in the process – areas that still need work if the CF is going to deliver on what it promises.

Still, there has been progress. [The United States](#) Treasury has taken a leading role in efforts to make CF more manageable and enforceable. The effort to apply “comparability of treatment” – ensuring all creditors provide similar debt relief terms – marks a real structural step forward, even if implementation continues to vary among sovereign workouts.

What Comes Next and Why It Matters?

A transparent debt resolution process does more than stabilize fragile economies – it also strengthens U.S. positioning in global markets. By minimizing the risk of economic crises turning into political flashpoints, and by keeping competitors from filling the vacuum, it supports U.S. firms' ability to operate and grow in critical regions.

As the U.S. assumes the G20 presidency in 2026, it is well-positioned to catalyze targeted improvements to the CF. Achieving progress will require actionable reforms that move beyond political endorsement. These should include strengthened comparability-of-treatment mechanisms, enhanced transparency in debt data reporting, early engagement protocols, and clearer incentives for private creditor participation. U.S. leadership is critical in shaping a more predictable, rules-based restructuring architecture that can better accommodate diverse creditor profiles and evolving sovereign risk landscapes.

In this context, the U.S. Chamber – serving as the official convener of B20 USA – has a pivotal role to play in aligning private sector perspectives with global policy objectives. The U.S. Chamber helps facilitate structured engagement between public institutions and institutional investors, financial intermediaries, and multinational corporations with exposure to sovereign risk in frontier and emerging markets.

Integrating business continuity considerations into sovereign debt negotiations is essential. U.S. firms with substantial foreign direct investment, public-private partnerships, and contractual exposure in emerging economies require a more reliable

restructuring framework to mitigate macro-financial risk and preserve long-term commercial viability.

By embedding the private sector into sovereign debt diplomacy, the U.S. can drive a G20 agenda that enhances financial stability, ensures fair burden-sharing, and strengthens the resilience of global trade and investment flows.

U.S. policymakers have ramped up efforts to address weaknesses in the CF's structure, especially where delays and misalignment among creditors have slowed progress. The cases of Zambia and Chad exposed institutional shortcomings and reinforced the need for stronger coordination, particularly with [non-Paris Club actors](#) like China.

At the same time, there is growing interest in widening the CF's reach to include vulnerable [middle-income countries](#), not only low-income ones. As debt risk spreads across a broader range of developing economies, limiting access to just one category of countries may no longer be realistic.

For the U.S. business community, the stakes are immediate and significant. Sovereign debt distress in developing economies affects everything from export demand and supply chain reliability to capital market performance and geopolitical alignment. A more robust, predictable, and inclusive CF will help ensure a more stable global economy, one where U.S. businesses, investors, and institutions can compete and thrive.

The U.S. Chamber, as a leading advocate for American enterprise globally, supports efforts to enhance financial transparency and expand access to emerging markets. Through its policy work and global engagement, the U.S. Chamber promotes reforms that strengthen financial systems and unlock strategic growth opportunities.