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Club de Paris
Paris Club

PRESS RELEASE

THE PARIS CLUB AGREES TO REDUCE GUYANA'S DEBT BY US$ 95 MILLION IN NET PRESENT VALUE TERMS UNDER THE ENHANCED HIPC INITIATIVE

1. The representatives of the Paris Club creditor countries and of Trinidad and Tobago met on January 14, 2004 and agreed to recommend to their Governments a reduction of Guyana's stock of debt.

The representatives of the creditor countries took note that, given its strong commitment to economic and structural reforms as well as the burden of its external indebtedness, Guyana had reached on December 17 and 18, 2003 its completion point under the enhanced Debt Initiative for the Heavily Indebted Poor Countries (Enhanced HIPC Initiative).

They welcomed Guyana's determination to implement a broad-based and rigorous economic program which should provide the basis for sustainable economic growth and a comprehensive poverty reduction strategy.

2. They decided to cancel US$ 95 million in net present value terms which represents the Paris Club agreed share of the effort, decided by the IMF and the IDA, in the framework of the Enhanced HIPC Initiative.

Most creditors also committed on a bilateral basis to grant additional debt relief to Guyana so that the stock of the debt owed to Paris Club creditors will be reduced by a further US$ 33 million in net present value terms.

In total, since 1996, the debt due by Guyana to Paris Club creditor countries has been reduced by 90% (more than US$ 930 million) and the annual debt service has been reduced from around US$ 60 million to about US$ 4 million.

The representatives of the creditor countries also agreed to include in the negotiation of Guyana's debt a voluntary debt swap clause.

3. Furthermore, Guyana is committed to devote the resources freed by the present treatment of the debt to priority areas identified in the country's poverty reduction strategy and to seek comparable treatment from all its other external creditors (including other creditor countries as well as commercial creditors). Paris Club Creditors emphasized the importance they attach to a treatment as favourable as possible from non-Paris Club creditors to Guyana.

4. With this operation, Guyana becomes the 9th country to complete the Paris Club process of debt reduction under the Enhanced HIPC Initiative, after Uganda, Bolivia, Mozambique, Tanzania, Burkina Faso, Mauritania, Benin and Mali.

Background notes

1. The Paris Club was formed in 1956. It is an informal group of creditor governments from major industrialized countries. It meets on a monthly basis in Paris with debtor countries in order to agree with them on restructuring their debts.

2. The members of the Paris Club which participated in the reorganization of Guyana's debt were representatives of the governments of Canada, Denmark, France, Germany, Japan, the Netherlands, the Russian Federation, the United Kingdom and the United States of America. Trinidad and Tobago, a major creditor of Guyana, also took part in this reorganization.

Observers at the meeting were representatives of the governments of Australia, Italy, Norway and Switzerland as well as the International Monetary Fund (IMF), the International Development Association (IDA), the Interamerican Development Bank and the Secretariat of the UNCTAD.

The delegation of Guyana was headed by Mr. Saisnarine Kowlessar, Minister of Finance. The meeting was chaired by Mr. Ramon Fernandez, Deputy Assistant Secretary at the Treasury of the French Ministry of Economy, Finance and Industry, Vice-President of the Paris Club.

Technical notes

1. Guyana's economic program is supported by an arrangement under the Poverty Reduction and Growth Facility (PRGF).

Guyana reached its completion point under the enhanced HIPC Initiative on December 17 and 18, 2003.

2. The Guyana's public debt was estimated to be US$ 1 324 million in face value as at end 2002 (source : IMF and IDA documents, dated December 2003, published on the IMF web site www.imf.org and on the World Bank web site www.worldbank.org/hipc). The debt owed to Paris Club creditors as of December 1, 2003 was estimated to be US$ 292 million in face value.

3. As in any Paris Club agreement, Guyana agreed to seek comparable treatment from non-Paris Club creditors and commercial creditors. The delegation of the Republic of Guyana indicated its willingness to meet these creditors soon in order to negotiate the terms of a future treatment.