



PRESS RELEASE

THE PARIS CLUB AND ST KITTS AND NEVIS AGREE ON A TREATMENT OF THE STOCK OF DEBT

Paris Club creditor countries met with representatives of the Government of St Kitts and Nevis on 24th May 2012 and agreed on a restructuring of its public external debt. This agreement follows the International Monetary Fund's approval of St Kitts and Nevis' Stand-By Arrangement on 27th July 2011.

This agreement reduces by over 90% the debt service due to the Paris Club creditors during the Fund supported program under the Stand-By Arrangement. The representatives of the Creditor Countries agreed on a debt treatment to ensure long term debt sustainability. To this end, they recommended that their Governments deliver a treatment providing a rescheduling of the stock of debt over 20 years, including a 7-year grace period. Consideration is also being given to additional debt relief on a bilateral basis.

The Government of St Kitts and Nevis agreed to seek comparable treatment from other creditors. The principle of comparability of treatment aims to ensure a balanced treatment among all external creditors of the debtor country.

Background notes

1. The Paris Club was formed in 1956. It is an informal group of creditor governments from major industrialized countries.

2. The members of the Paris Club which participated in the reorganization of St Kitts and Nevis's debt were representatives of the governments of the United Kingdom and the United States of America.

Observers at the meeting were representatives of the governments of France, Germany, Japan, the Netherlands and the Russian Federation, as well as the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD) and the Secretariat of the UNCTAD.

3. The delegation of St Kitts and Nevis was headed by the Rt Hon Denzil DOUGLAS, Prime Minister and Minister of Finance. The meeting was chaired by Ms. Delphine d'AMARZIT, Co-Chairperson of the Paris Club.

Technical notes

1. St Kitts and Nevis' economic program is supported by a Stand-By Arrangement approved by the Executive Board of the International Monetary Fund (IMF) on 27th July 2011.

2. St Kitts and Nevis' public external debt was estimated to be USD 360 million as of end 2011 (source: IMF documents). The debt owed to Paris Club creditors was estimated to be USD 5.7 million as of 1st May 2012 (source: Paris Club).