

## **Ministerial Statement**

**Delivered by the Hon Christopher Sinckler, Minister of Finance and Economic Affairs on Tuesday, July 21, 2015**

### **Re: Credit Suisse Loan Contracted on December 13, 2014**

In December of 2013, following months of very cordial negotiations the Government of Barbados signed a foreign loan agreement with Credit Suisse International Bank LLC (Cayman Islands). This loan, which was arranged by Credit Suisse and syndicated among a series of other international financial investment institutions, was approved by the Parliament of Barbados on November 26, 2014 under Section 2 of the Special Loans Act, Cap. 105.

The loan was designed, among other things, to assist Barbados in meeting the financing requirements for its 2014-2015 deficit as well as to shore up the international reserves at the Central Bank of Barbados. This was a critical part of the government's 19-month programme for foreign exchange market stability, fiscal consolidation and reform and a return to sustainable economic growth.

As the evidence and subsequent analysis from all independent sources would indicate, government has been achieving its objectives in this regard though there is still some work to be done to turn the situation completely around. The strong support of international partners and investors has been and continues to be critical and indeed welcomed.

However, a recent and very unwarranted accusation by the Leader of the Barbados Labour Party and Leader of Her Majesty's Loyal Opposition, has the potential to undermine the confidence of current and prospective investors in our country, damage the impeccable reputation of Barbados in the international financial markets and derail the hard fought gains which as a country we have made over many years.

Sir, I feel compelled to alert this Chamber that on the night of Sunday the 28th of June, 2015 the said Leader of Her Majesty's Loyal Opposition speaking at a public meeting organised and sponsored by the BLP, is reported to have said among other things,

" Information is being hidden from you in this country and....if the Budget was called a month later [Sinckler] would not report to you that the foreign reserves are in good condition, because the Credit Suisse loan has to be paid on June 18th and as of Friday [19th June 2015] it still was not paid and that is \$88 million."

These words were subsequently reported (in direct quotations) in the Daily Nation, of June 30<sup>th</sup> 2015.

The comment was in effect explicitly charging that the government of Barbados had in fact defaulted on the payment for servicing of the loan which was due to be made on the 18th of June 2015 as provided in the loan contract.

To date, and to the best of my knowledge, the Leader of the Opposition has yet to deny or otherwise ask for the report to be retracted on the basis that her words were incorrectly captured.

We are therefore left to conclude, unfortunately, that the reports of her speech and those specific utterances are indeed consistent with what she said.

The statement sends abroad the impression to the world that on the 18th of June 2015 Barbados did not meet its loan servicing commitments, as required under terms and conditions of the Credit Suisse loan, and further that up to at least the 19<sup>th</sup>, a full day after the due date, no payments were made. Put in plain language Mr. Speaker the Leader of the Opposition has in fact accused the government of Barbados of defaulting on a major international loan commitment.

This is something that has never happened in the history of Barbados.

Sadly Mr. Speaker, it is my duty to alert this House of the unfortunate reality that these very reckless and ill-considered statements have in fact caused a negative reaction amongst investors not only in this particular loan but in general. Indeed in the days immediately following the statements and as recently as this week officials at both the Central Bank of Barbados and the Ministry of Finance and Economic Affairs, including myself, have had to take calls querying the veracity of the statements.

Consequently Sir, following a discussion among relevant officials, investors and other stakeholders I have agreed to use this official ministerial statement to give the facts.

On the 18th of June 2015 under the terms and conditions of the aforementioned loan contract with Credit Suisse, the Government of Barbados in fulfillment of its obligations, made the payment as scheduled in the amount of Bds. \$41.23M, representing interest (\$20.6M) and amortization (\$20.63M) to the various holders of the facility.

It is therefore a horrible untruth that Barbados has defaulted on any of its debt obligations for this or any other loans. Indeed Sir I can further alert the House and the country that on the 29<sup>th</sup> of June 2015 Barbados also met in full the principal and interest on the Barclays de Zoete Wedde (BZW) loan which were effectively due on the 1<sup>st</sup> of July 2015.

In support of my assertions regarding the Credit Suisse loan facility, I am attaching to this statement an official letter signed by the approved Principals of Credit Suisse LLC, confirming that Barbados has met all of its obligations to date and is current on all payments.

Mr. Speaker Sir, given the very volatile conditions in the international financial markets occasioned as they are by the much publicized credit default events in Greece, Puerto Rico and to a lesser extent in some countries in our region, these very reckless and unnecessary statements by the Leader of the Opposition could not be more untimely, dangerous and irresponsible.

Across all administrations in Barbados, irrespective of political persuasion, we have all successfully ensured that as a country we meet all of our debt commitments on time and in full. It is an enviable record and one which we must work to maintain.

To this extent it is incumbent on all of us, those inside this Chamber and those outside to act and speak responsibly at all times in these matters lest we do irreparable damage to the economy of Barbados and to our good name.

A word to the wise is enough!

July 6, 2015

Government of Barbados  
Ministry of Finance and Economic Affairs  
Government Headquarters  
Bay Street  
St. Michael  
Barbados  
Attention: Mr. Christopher P. Sinckler

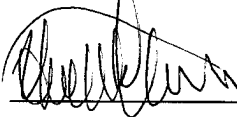
Re: Credit Agreement, dated as of December 13, 2013 ( as amended, the " Credit Agreement"), among The Crown in right of its Government of Barbados, acting through the Minister of Finance and Economic Affairs, the several lenders from time to time party thereto, and Credit Suisse AG, Cayman Islands Branch, as Administrative Agent


Ladies and Gentlemen:

Pursuant to your inquiry, we hereby confirm that as of the date of this letter, The Crown in right of its Government of Barbados is current in all of its payment obligations under the Credit Agreement.

Very truly yours,

CREDIT SUISSE AG, Cayman Islands Branch

By:   
Name: **Hieu Pham**  
Title: Authorized Signatory **Director**

By:   
Name: **Michael Jakob**  
Title: Authorized Signatory **Director**