



As part of a pre-requisite to signing an agreement with the International Monetary Fund (IMF), the Government will be undertaking a National Debt Exchange Offer aimed at reducing the country's debt stock.

This was disclosed by Prime Minister, the Most Hon. Portia Simpson Miller, during a joint broadcast to the nation on Monday night, February 11, with Minister of Finance and Planning, Dr. the Hon. Peter Phillips.

The initiative will be launched on Tuesday, February 12, with the support of leading private sector financial institutions.

The Prime Minister noted that the National Debt Exchange Offer is a critical component of both the IMF agreement and the Government's Debt Reduction Programme.

"It can only succeed with the fullest cooperation of the broad financial sector and the support of the entire country. I am therefore inviting every Jamaican to make this investment in our country's future," Mrs. Simpson Miller said.

She noted that a Jamaican economy with a significantly reduced debt ratio would facilitate sizeable investments in building a stronger and more prosperous country.

"A Jamaican economy with a significantly reduced debt ratio would be a Jamaica in which there would be: greater levels of sustained growth, more productive employment, real jobs, for more members of the labour force, and improved quality of life for more families," Mrs Simpson

Miller said.

The Prime Minister noted that over time, the Government would make the country a better place to live, work, raise families and do business, while adding that “this is certainly a vision of the future worth striving and sacrificing for.”

“Jamaicans have done remarkably well, despite the fact that in relation to our economy we have been down in the valley for a very long time. We cannot afford to get weary. We have a real opportunity to climb out of the economic valley. If we pull together and stay focused we can bring down the debt. We can fix the economy. We can inspire a new sense of hope and possibility in our country,” Mrs. Simpson Miller stated.

For his part, Dr. Phillips assured bond holders that there will be no haircut on their principal investment as a result of the implementation of the National Debt Exchange.

“This offer, which we urge bondholders to accept, will make possible the reduction of our debt to GDP (Gross Domestic Product) ratios by 8.5 per cent or around \$17 billion per year between now and 2020,” Dr. Phillips said.

He explained further that the programme exchanges higher interest debt for lower cost debt and will entail significant sacrifices from financial institutions and the holders of domestic bonds.

Dr. Phillips said he is well aware that for many bondholders, to be asked to make another sacrifice at this time, is a burden that will be hard to bear, but stated that their sacrifice would help to put Jamaica on the path of growth and stability.

He assured that measures will be put in place to ensure that the objectives of the debt swap will be achieved.

In 2010, the country implemented a similar programme called the Jamaica Debt Exchange

(JDX), which recorded a participation rate of 99.2 per cent.

Currently the country's debt now stands at over 140 per cent of Gross Domestic Product. For every dollar of the budget that is spent approximately 55 cents goes to pay the debt, another 25 cents to pay wages which leaves just 20 cents to fix roads, maintain schools and hospitals and provide other critical services for the Jamaican people.