



HM Treasury

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14 January 2016

Ref: FOI2015/31763

Dear Mr Jones,

Freedom of Information Act 2000: Sovereign debt to Cuba

Thank you for your Freedom of Information enquiry of 14 December 2015.

You asked for the following information:

*"Concerning the agreement Cuba has made with the Paris Club
<http://www.clubdeparis.org/en/communications/press-release/agreement-on-the-debt-between-cuba-and-the-group-of-creditors-of-cuba>*

I would like to ask:

- a) What is Cuba's current outstanding debt to the UK government, divided into principal and interest?*
- b) how much of Cuba's debt to UK Export Finance will be cancelled under the Paris Club agreement?*
- c) what proportion of this debt cancellation will be accrued interest?*
- d) in which financial years will debt cancellation take place?*
- e) what is Cuba's new debt payment schedule with the UK government?*
- f) whether any debt cancelled will count as Official Development Assistance and contribute towards meeting the UK's target of 0.7% of GDP to be spent on Official Development Assistance?"*

I can confirm that HM Treasury does hold information within the scope of your request.

The UK, together with the rest of the Group of Creditors of Cuba, signed the multilateral agreement ("Agreed Minutes") quoted on 12 December 2015. Agreed Minutes constitute a recommendation to the governments of creditors and of the debtor country to conclude bilateral agreements implementing the provisions of these Agreed Minutes. These bilateral agreements give a legal effect to the agreement reached during the negotiating meeting.

The UK and Cuba will sign the bilateral agreement that implements the Agreed Minutes in due course. This will be available online at www.gov.uk after the agreement has entered into force.

The answers to questions a) to e) below are based on the Agreed Minutes.

a) Cuba's medium term and long term outstanding debt to the UK is £201.98m, of which £42.25m is principal, £20.57m is contractual interest and £139.16m is late interest.

Cuba's short term debt to the UK is £7.66m, of which £6.94m is principal and £0.72m is interest. This was not part of the agreement quoted; it has already been rescheduled though a bilateral agreement signed in December 2014 and payments are being made by Cuba.

b) 100% of the late interest (as set out in point a above) will be cancelled, provided that Cuba make the repayments agreed.

c) All the debt cancellation is late interest.

d) In line with the agreement, debt cancellation is due to take place gradually each year over an 18 year period, starting in 2016/17, conditional on repayments being made on the rescheduled amount.

e) Cuba's new debt payment schedule for the debt treated under this agreement is set out in annex a.

No interest will apply to the outstanding balance after debt cancellation until 2020. Interest on the remaining balance after 31 October 2020 will apply on an annual basis, at an annual fixed rate of 1.5%. The method for interest calculation will be agreed on a bilateral basis between Cuba and the UK.

f) All the debt cancelled will count as Official Development Assistance (ODA), in line with OECD rules, and will thus contribute to meeting the UK's target of 0.7% of gross national income (GNI) to be spent on ODA.

If you have any queries about this letter, please contact us. Please quote the reference number above in any future communications.



Adam Goodwin
Information Rights Unit

Annex A

- 1.6160% of outstanding balance (after debt cancellation) on 31 October 2016
- 2.0777% of outstanding balance (after debt cancellation) on 31 October 2017
- 2.5394% of outstanding balance (after debt cancellation) on 31 October 2018
- 3.0012% of outstanding balance (after debt cancellation) on 31 October 2019
- 3.4629% of outstanding balance (after debt cancellation) on 31 October 2020
- 4.6543% of outstanding balance (after debt cancellation) on 31 October 2021
- 4.9793% of outstanding balance (after debt cancellation) on 31 October 2022
- 5.3091% of outstanding balance (after debt cancellation) on 31 October 2023
- 5.6440% of outstanding balance (after debt cancellation) on 31 October 2024
- 5.9838% of outstanding balance (after debt cancellation) on 31 October 2025
- 6.3287% of outstanding balance (after debt cancellation) on 31 October 2026
- 6.6788% of outstanding balance (after debt cancellation) on 31 October 2027
- 7.0342% of outstanding balance (after debt cancellation) on 31 October 2028
- 7.3949% of outstanding balance (after debt cancellation) on 31 October 2029
- 7.7610% of outstanding balance (after debt cancellation) on 31 October 2030
- 8.1326% of outstanding balance (after debt cancellation) on 31 October 2031
- 8.5097% of outstanding balance (after debt cancellation) on 31 October 2032
- 8.8925% of outstanding balance (after debt cancellation) on 31 October 2033

Your right to complain under the Freedom of Information Act 2000

If you are not happy with this reply, you may request a review by writing to HM Treasury, Information Rights Unit, 3/Red, 1 Horse Guards Road, London SW1A 2HQ or by emailing us at the address below. Any review request must be made within 2 months of the date of this letter.

Email: foirequests@hmtreasury.gsi.gov.uk

It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

If you are not content with the outcome of the review, you may apply directly to the Information Commissioner for a decision. Generally, the Commissioner will not make a decision unless you have exhausted the complaints procedure provided by HM Treasury.

The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.