

Foreign Debt and Development



Since December, when Cuba and its creditors of the Paris Club reached an agreement on the regularization of the Island's debt, Havana authorities conducted separate negotiations with the members of the Club and signed other important documents.

Australia and Cuba recently signed an agreement aimed at regularizing the debt with the country down under, the eighth such agreement reached by the Caribbean island.

This very month, representatives of Cuba separately signed identical agreements with delegations from Switzerland and Spain.

All negotiations were conducted in the context of the multilateral agreement reached with the nations of the Paris Club in terms considered as positive for Cuba.

Those nations canceled eight point five billion dollars in interests and Cuba pledged to pay two point six billion dollars in an 18 year term.

Russia, for its part, had condoned 90 percent of Cuba's debt with the former Soviet Union, and agreed to receive payment of the rest of that debt, equaling three point five billion dollars, in a ten year term.

Cuba also reached debt paying agreements with Japan and Mexico.

Therefore, a new favorable atmosphere has been set, open to the possibility that Cuba will receive fresh credits, while the stage is set for foreign investments and an increase in trade.

The Government of Cuba has engaged in these negotiations despite the economic limitations imposed by the US blockade, the global crisis and its own condition as a poor nation.

These very same restrictions in certain periods, such as the decade of the nineties, prevented Cuba from meeting its financial obligations, as was its objective.

The central report of the Seventh Congress of the Communist Party of Cuba a few weeks ago dwelt on the actions taken by Cuba to meet its foreign debt commitments.

Those steps, the document noted, will lead to the reestablishment of the credibility of the Cuban economy. It also urged to ensure an adequate balance in the access to credits and their structure, the payment of due debts and the fulfillment of the economic plan.

The conversations held by representatives of Cuba with the Paris Club and individually with its member nations, as well as the agreements reached, indicate that external financing is a central issue in Cuba's national development strategy.

As no country is able to advance without the support of foreign credits, Cuba is regularizing its debts, and it expects to be able to obtain future credits from usual and new sources.

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