

Sudafi Henry

From: Sudafi Henry
Sent: Wednesday, July 08, 2020 3:18 PM
To: Smith, Symonne
Cc: Ouertatani, Charla; McGlinchey, Daniel; Lindholm, Danielle; Sengstock, Kathleen; Jimenez, Blanca
Subject: Treasury & State Joint Letter to Barbados PM Mottley (CARICOM Chair)
Attachments: Joint Letter - Barbados Shared July 2020.pdf

Good afternoon Symonne,

I hope this message finds you healthy and safe.

I am writing on behalf of Prime Minister Mia Mottley of Barbados to follow up on her recent conversation with Chairwoman Waters. The Prime Minister very much appreciates the Chairwoman's continued efforts and advocacy on behalf of the Caribbean region. As further evidence of its impact, the Prime Minister asked that I share with the Chairwoman and her staff the attached joint letter from Secretary Mnuchin and Secretary Pompeo. When you have a moment, would you please convey the Prime Minister's appreciation to the Chairwoman and also share a copy of the letter* with her?

Thank you in advance and please let me know if the Chairwoman (or staff) has any questions. Take care and I look forward to speaking with you again soon.

Best,

Sudafi

**This material is distributed by theGROUP DC LLC on behalf of the Government of Barbados. Additional information is available at the Department of Justice, Washington, D.C.*

Sudafi S. Henry, Partner
theGROUP
1730 Pennsylvania Avenue NW, Suite 500
Washington, DC 20006
(202) 386-7282 ext. 114
www.thegroupdc.com



The Honorable
Mia Mottley, QC, MP
Prime Minister of Barbados
Bridgetown

Dear Madam Prime Minister:

Thank you for your letter to President Trump regarding the enormous financial challenges confronting Caribbean countries during these difficult times. The White House requested that we convey to you the Administration's support for the region. We recognize that Caribbean economies, including those that the World Bank classifies as high and upper-middle income, have been drastically impacted by the fall in revenues, especially tourism-related revenues due to the Coronavirus Diseases 2019 (COVID-19) pandemic. We are also aware that hurricane season has begun and will likely compound the economic challenges the Caribbean is facing.

As the Administration conveyed to Saint Lucia Prime Minister Chastanet in response to his letter to President Trump, the United States is ready to help CARICOM member states in the face of these challenges. In response to the COVID-19 shock, the United States is engaging with international financial institutions and other creditors to request that governments taking necessary reforms receive adequate financing for those efforts, consistent with debt sustainability.

At the same time, we look for partnership and encourage many countries in the region to take the opportunity to make changes that will have long-term benefits for their people. In Barbados, you have used your mandate to make strong fiscal and structural reforms. You sought the support of the International Monetary Fund (IMF) for those reforms, which the United States was pleased to endorse. A willingness by other countries in the region to make similar reforms will be critical to the success of our efforts going forward. We hope that the need to build resilience in the face of natural disasters, along with the need to respond strongly to the fundamental challenges that COVID-19 poses for tourism-dependent small islands, will add further momentum to reform and good governance efforts and will result in lasting benefits across the region. The United States will be a strong partner in that effort.

The United States has adopted a multi-faceted framework that, we believe, will help the region address its immediate humanitarian needs as well as assist in long-term economic recovery.

First, if requested, the United States would support temporary access to the International Bank for Reconstruction and Development (IBRD) just for COVID-19-related assistance for The Bahamas and Barbados, the two Caribbean graduates from IBRD. This initiative would ensure all CARICOM states have access to World Bank resources to respond to the impacts of

the pandemic. As you know well, this is a significant response from the United States, as we strongly believe that upper-middle income and high-income countries should identify sources other than the multilateral development banks to finance their development. We do recognize that current conditions and the need to respond to the COVID-19 shock warrant a flexible response. Nonetheless, we will look forward to your country and The Bahamas moving back to graduate status. In addition, we will not object on the basis of income classification to borrowing by members from the Inter-American Development Bank (IDB) to assist with economic or health recovery efforts.

We have engaged with World Bank staff to impress upon them that economic reform programs that can be supported by the international financial institutions should receive necessary and appropriate financing, consistent with the World Bank's commitments on support to small states under the recent capital increase package. We urge you, as Chair of CARICOM, to encourage these countries to engage constructively with the international financial institutions, including the IMF, on the type of strong reforms to public finance and governance that you are implementing in your own country.

To address immediate liquidity needs, the United States has leveraged its leadership at the IMF to support a total of \$1.7 billion in new emergency financing for Caribbean countries. The Bahamas, Barbados, Dominica, the Dominican Republic, Grenada, Haiti, Jamaica, Saint Lucia, and St. Vincent and the Grenadines have benefitted from IMF emergency financing to address the humanitarian and economic ramifications of the COVID-19 pandemic. For the poorest countries in the region, the United States has advanced the G20 and Paris Club Debt Service Suspension Initiative (DSSI). Five CARICOM member states are currently eligible, specifically Saint Lucia, Dominica, Grenada, Saint Vincent and the Grenadines, and Haiti.

For countries in the region not eligible for the DSSI, but which face debt service constraints, the United States will support swift debt rescheduling through the Paris Club. We encourage potential recipients to develop an economic reform program that can be supported by the IMF and to work with their non-Paris Club bilateral creditors and private sector creditors to provide appropriate and comparable treatment.

We encourage CARICOM member states to be in touch with the U.S. Department of the Treasury's Office of Technical Assistance, which can provide assistance on reforms to economic crimes and on tax administration, public financial management, capital-market development, and infrastructure. Treasury also has expanded its work, under the Growth in the Americas initiative, to catalyze private sector finance into infrastructure. These programs, which span resources across eight U.S. government agencies, have strong results with governments that have ownership of reforms and commitment to implementation. For example, in Jamaica, these teams are helping develop innovative financial tools for water, roads and urban infrastructure, as well as supporting work to reduce electricity costs for all Jamaicans.

We are aware the COVID-19 crisis has already exacted and will continue to exact a heavy toll on the region, and that economic recovery will not happen overnight. As a result, we have increased our financial support to multilateral organizations like the IMF to enable them to provide much-needed assistance in the years to come. The U.S. Congress recently approved

-3-

doubling our participation in the New Arrangements to Borrow, which will allow the IMF to maintain its current resource levels in the medium-term.

The United States has supported the World Bank Group's and the IDB's efforts to increase lending substantially to help clients' economic response and recovery efforts over the next year. In the March 2020 CARES Act, Congress authorized over \$3 billion for the U.S. contribution to the Nineteenth Replenishment of the World Bank's International Development Association (IDA), making the United States a leading donor. We also supported the \$5.5 billion International Finance Corporation capital increase, which will help the private sector recover in the post-COVID period, including through enhanced investments in IDA countries and smaller, more vulnerable economies.

We will continue to examine our own bilateral tools such as U.S. Export-Import Bank and assistance through USAID, for ways to be creative and flexible in addressing the humanitarian and economic needs of the region during this time of crisis. We commend you for your measures in containing the pandemic and trust that our provision of test kits through the International Atomic Energy Agency and \$2.2 million in assistance to the Eastern Caribbean has been of assistance in that regard.

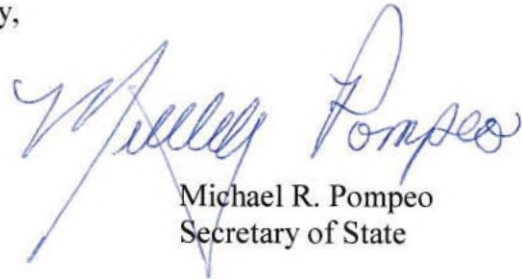
All of these initiatives reinforce our shared and enduring commitment under the U.S.-Caribbean 2020 Engagement Strategy and strengthen regional disaster response capabilities and resilience under the U.S.-Caribbean Resilience Partnership. These two initiatives build upon decades of strategic U.S. investment in the Caribbean.

Thank you, again, for your letter. We recognize the unique economic and humanitarian challenges CARICOM states are facing as a result of the COVID-19 pandemic and pledge our support to our Caribbean friends and partners in these difficult times.

Sincerely,



Steven T. Mnuchin
Secretary of the Treasury



Michael R. Pompeo
Secretary of State

This material is distributed by theGROUP DC LLC on behalf of the Government of Barbados. Additional information is available at the Department of Justice, Washington, D.C.