



PRESS RELEASE

Statement by the Governor on The Bahamas Public Debt

In response to public speculations about whether the Government of The Bahamas was likely to default on its debt obligation in the near-term, Governor John Rolle has issued the following statement:

“It is important to preface my remarks by stating that The Bahamas will have to do more to reduce the public debt burden in the medium-term. The debt burden leaves The Bahamas exposed to increased hardships from severe hurricanes and other shocks, as the sovereign will continue to need more flexibility and space to repair infrastructure, give relief to private businesses and provide social safety net assistance, after such setbacks. National consensus must continue to be developed around both taxation and expenditure management that pay down the debt burden, within the medium-term fiscal consolidation plan.

“We must accept that The Bahamas has the resources and capacity to repair the Government’s balance sheet.

“The Bahamas is not at the level of debt distress nor is the burden of public debt such that it would make a sovereign default a credible likelihood in the near-term.

“The Bahamas has significant space for public finance reform and taxation should it become more urgent than is already apparent.

“The Bahamas is far off from having exhausted its fiscal options and sophisticated creditors of the sovereign are conscious of this. Moving forward though, there is a need for greater recognition and embrace by domestic stakeholders of the credible, non-default, range of options that are available to the sovereign. These options would impact the taxpayer, well before creditors are harmed.

“As there continues to be support for fiscal stabilisation, based on deficit financing, over the recovery path from the pandemic, I encourage stakeholders to balance their discourse with the recognition that the Government will indeed require more means to repay the extra debt taken on; and to recognise that as taxpayers we are all expected to help repay these obligations in one form or the other that does not involve default.”

December 4, 2020