

# G20 ready to adopt policies to limit economic impact of corona: Saudi

Reuters | Riyadh

Finance officials from the Group of 20 major economies agreed yesterday to continue monitoring the risk from the coronavirus outbreak and to adopt appropriate policies to limit the global economic impact, Saudi Arabia's finance minister said.

The two-day gathering in Riyadh was dominated by growing concern over the widening fallout from the coronavirus outbreak, with the International Monetary Fund predicting it would shave 0.1 percentage point off global growth.

As the delegates wrapped up their meeting, Chinese President Xi Jinping was quoted as saying that Beijing will step up policy adjustments to help cushion the blow on the economy from the outbreak.

"The outbreak of novel coronavirus pneumonia will inevitably have a relatively big impact on the economy and society," Xi said, adding the impact would be short-term and controllable.

China was represented at the G20 meeting by its ambassador to Saudi Arabia, as senior officials stayed away due to the growing crisis over the virus.

The epidemic, which origi-



Saudi Minister of Finance Mohammed al-Jadaan speaks during a media conference with Saudi Arabia's central bank governor Ahmed al-Kholifey, in Riyadh, Saudi Arabia

nated in China has since spread to nearly 30 countries and territories.

South Korea raised its infectious disease alert to its highest level on Sunday, while a third passenger from a virus-infected cruise ship in Japan died.

"In our current baseline scenario, announced policies are implemented and China's economy would return to normal in the second quarter. As a result, the impact on the world economy would be relatively minor and short-lived," IMF Managing

Director Kristalina Georgieva said on Saturday.

"But we are also looking at more dire scenarios where the spread of the virus continues for longer and more globally, and the growth consequences are more protracted," she added.

In a draft G20 communique, the finance leaders clung to their upbeat projection of a modest pick-up in global growth despite the outbreak.

The latest version gives less prominence than an earlier version to the outbreak as a growth

risk, saying only that the G20 would "... enhance global risk monitoring, including the recent outbreak of COVID-19", the medical name for the respiratory disease caused by the coronavirus.

Reports earlier said the meeting reached agreement on the wording of a final communique that includes for the first time a reference to climate change, G20 diplomatic sources said.

Compromise language hammered out to overcome US objections retained a reference to the Financial Stability Board's work examining the implications of climate change for financial stability, although it dropped climate change from its list of downside risks to global economic growth.

One of the sources said it was the first time a reference to climate change had been included in a G20 finance communique, even though it was removed from the top of the joint statement.

Concerns about the economic impact of climate change have escalated in recent years and pressure is mounting on business to accelerate the shift to a low-carbon economy ahead of United Nations climate talks in November.

## If Lebanon needs financial aid, France will be there, finance minister says



French Finance and Economy Minister Bruno Le Maire speaks during the G20 finance ministers and central bank governors meeting in Riyadh, Saudi Arabia

Reuters | Riyadh

France is ready to support Lebanon financially — bilaterally or multilaterally — its finance minister said on Sunday, warning against mixing economic recovery in the small Mediterranean state with US-led efforts to counter Iran in the region.

"France always stands ready to help Lebanon. It has always been the case in the past and it will be the case in the future..." Bruno Le Maire said at the end of a meeting of finance officials from the Group of 20 (G20) major economies.

"We know that there are ties between the two issues but we don't want to mix the issue of economic recovery in Lebanon, which is today the clear emergency, and the question of Iran," he added.

As Lebanon's economic crisis deepens, Western and Sunni-led Gulf Arab states that helped in the past have made clear that any support hinges on Beirut implementing long-delayed reforms to address root causes such as state corruption and bad governance.

Le Maire said decisions by Lebanon's government were urgently needed to improve the situation on the ground.

## Pressured by US sanctions, Cuba struggles to pay its debts

*In mid-January 2020 Cuba said it will restrict the consumption of liquefied petroleum gas, widely used for domestic use, after an upsurge in US trade sanctions*

AFP | Havana

Foreign companies going unpaid, creditor countries told to be patient: as Cuba struggles under the weight of US sanctions it has also been struggling to pay its debts, raising serious concern among its partners.

Having negotiated a restructuring of its debt with 14 countries through the Paris Club of creditors in 2015, Cuba last year failed to make timely payments to six of them - Austria, Belgium, Britain, France, Japan and Spain.

The Caribbean nation was supposed to pay those countries "\$32 to \$33 million" of the total \$82 million due in 2019, one diplomatic source said. Its failure to do so leaves it facing stiff interest payments of 9 percent.

Facing this difficult problem, Cuba's deputy prime minister Ricardo Cabrisas has sought to offer reassurance. In a letter to Paris Club president Odile Renaud-Basso and seen by AFP, he promised that Cuba would make



President Miguel Diaz-Canel (R), here with his predecessor Raul Castro, is trying to re-negotiate Cuba's foreign debt as it struggles under US sanctions



Foreign tourism in Cuba declined by 9.3 percent last year from 2018 -- its first drop in 10 years

its overdue payments by the end of May.

"They have to propose a precise calendar," one ambassador said, expressing the general sense of impatience, even while admitting that the Cuban government "is going through a bad pass; they have no liquidity."

Several diplomats interviewed expressed concern over what they said was the "precedent" of the overdue payments.

As one European diplomat put it: "They said they were going to pay their debts. There is no plan; there is a lack of credibility."

Another diplomat noted that "we met Cabrisas at the beginning of the year" and he had a "defeatist tone."

"But he told us that his country really did not want to default," as it did in 1986, when it suspended its debt payments.

### 'Vicious circle'

The Communist island was largely cut off from international markets from then until the 2010s, when several countries canceled the majority of Cuba's debt: China in 2011 forgave \$6 billion in debt, Mexico in 2013 canceled \$400 million, and Russia in 2014 forgave \$35 billion.

The Paris Club accord helped put the Cuban economy back on track, as 14 countries agreed to wipe out \$8.5 billion of the \$11.1 billion due, with the remainder converted into investment projects or rescheduled to fall due through 2033.

Most of those countries are European, and the European Union has become Cuba's leading investor and principal trading partner.

EU-Cuban commercial transactions exceeded \$3.47 billion in 2018, even as political dialogue between the two sides sharply escalated.

"The incomplete payment to the Paris Club creditors demonstrates the complexity of Cuba's economic and financial situation," said Pavel Vidal, a Cuban economist at the Javeriana University in Cali, Colombia.

"For at least three years, Cuba has shown all the symptoms of an economy in recession and with a balance-of-payments crisis," Vidal said.

"Breaking out of that vicious circle is complicated without the aid of an international lender of last resort like the IMF, especially in the face of escalating American sanctions and the effects of the Venezuelan crisis."

Cuba has faced a hardening of the 58-year-old US embargo since Donald Trump arrived in the White House, with laws penalizing foreign companies, pressuring banks and limiting

visits by Americans.

It has also suffered from the effects of the economic and political crisis in Venezuela, its most important ally and leading petroleum supplier, while its own major revenue sources have waned.

The influx of tourists declined by 9.3 percent last year from 2018 -- its first drop in 10 years -- while its income-producing deployment of physicians abroad suffered as 9,000 of them returned home amid diplomatic spats, notably with Brazil, with which Cuba fell into default in mid-2018.

Cuba's external debt surged by 53 percent between 2013 and 2016, to \$18.2 billion, according to the latest official data.

### Companies going unpaid

"What worries me most is the other debt, that created by the credits extended by suppliers," who often have to wait two years to be paid, said Cuban economist Omar Everleny Perez.

Spanish companies, the most numerous among the suppliers, are owed an accumulated 300 million euros (\$325,000), ac-

ording to an estimate from the Spanish government.

"Of course the American sanctions affect" Cuba's ability to reimburse its creditors, Perez said.

But because the agreement with the Paris Club is "politically important," he believes Havana "is going to pay."

"But that is not going to solve the long-term problem," he added. Perez criticized the Cuban government's failure to pass economic reforms to stimulate the private sector and spark growth.

Meantime, the London Club -- a group of private creditors that is something of a counterpart to the Paris Club's public creditors -- holds several hundred million dollars of the island's commercial debt and has been trying in vain since 2013 to negotiate an accord with Cuba.

One member of the club, investment fund CRF I Ltd, has filed a formal claim with Britain's High Court.

"We are losing patience," said its president, David Charters. If Cuba "wants to access international financial markets again, they need to clear this up."



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