



Foreign &
Commonwealth
Office

London SW1A 2AH

From the Parliamentary Under Secretary of State

1 October 2009

Dear Chief Minister

Anguilla: Public Finances

Thank you for your letters of 14 September and 21 September which followed up your telephone conversation with Colin Roberts.

I appreciate the efforts your Government is making to address the issues I outlined in my letter of 27 July. I assure you that I consider each Territory's requests very much on an individual and case-by-case basis. However, I must act prudently when considering your request for additional borrowing at this time when Anguilla is already in breach of the agreed UK/Anguilla borrowing guidelines.

I welcome the commitment you have made towards cutting public expenditure, including a public service pay cut. However, there has been less progress in plans to broaden Anguilla's revenue base. In the absence of such plans, including details of how existing and any further debt will be paid back over the next 3-5 years and your planned changes to Anguilla's taxation policy, I cannot agree to your entire borrowing request.

I am however, prepared to agree, exceptionally, to the Government of Anguilla borrowing EC\$20m to cover the recurrent deficit over the next six months, providing that you commit now to the introduction of new revenue measure(s), no later than the beginning of FY 2010-11, to broaden your revenue base as identified by an independent study to analyse the impact on public finances of a range of new taxes and/or initiatives. This study would be funded by the FCO with the Terms of Reference agreed jointly by the Government of Anguilla and the FCO with a view to having consultants in Anguilla as soon as possible.

I am ready to consider further borrowing requests once we have discussed the findings of this study.

However, given the particular circumstances of your request to include provision to finance a proposed runway extension at Wallblake Airport I would be happy to consider that separately, once I have received a comprehensive business case which makes clear the impact



of the reduction in the declared runway length and any consequent loss of revenue to Anguilla.

I look forward to your confirmation that these conditions are acceptable to your Government.

Yours sincerely
Chris Bryant

CHRIS BRYANT