Annual Economic and Financial Review

EASTERN CARIBBEAN CENTRAL BANK

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The ECCB welcomes your questions and comments on this publication.

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INTERNATIONAL ECONOMIC DEVELOPMENTS

Overview

Economic developments in 2014 were for the most part positive, an indication that global output may have stabilized. According to the International Monetary Fund's World Economic Outlook (January 2015), the world economy grew by 3.3 per cent in 2014, the same level as in 2013. Growth was driven by developments in the advanced economies, namely the USA and the UK as emerging markets recorded lower than anticipated growth. The oil price shock which took place in mid 2014 had a positive impact on consumer spending and business investment in the advanced economies, contributing to an uptick in economic activity. Meanwhile, the fall in oil prices worsened the external vulnerabilities of oil exporting emerging market economies as their balance of payments surpluses shrank and fiscal balances took a hit. Moreover, growth in China, the largest emerging market economy slowed primarily due to developments in the real estate sector and lower industrial production. Labour market conditions improved overall, concomitant with positive growth while inflationary pressures were subdued. Monetary policy was accommodative during the year to facilitate growth and support inflation targets.

Global output is expected to increase further in 2015, albeit at an uneven pace. Growth will be led by expansions in the advanced economies, particularly the USA, while emerging markets will experience a slowdown in activity. Downside risks to these projections include geopolitical tensions in Eastern Europe and the Middle East, which may affect trade flows; deflation in the Euro area and the uncertainty of the impact of policy measures implemented to generate sustained positive growth; sudden movements in oil and other commodity prices; and less than anticipated growth in advanced economies due to domestic developments.

Macro-economic Developments in the Major Economies

Real GDP and Labour Market Developments

Economic output in the **USA** is estimated to have increased by 2.4 per cent in 2014, compared with growth of 2.2 per cent in 2013. The outturn was attributable to positive contributions from personal consumption expenditures (PCE), net exports, non-residential and residential fixed investments, private inventory investment and state and local government spending. Those increases were partly offset by the negative contribution from federal government spending. On a quarterly basis the economy contracted by 2.1 per cent in the first quarter of 2014, due to adverse weather, which disrupted industrial production, construction, shipments, and house and auto sales. The first quarter contraction was the worst performance of the economy since the first quarter of 2009. However, in the remaining three quarters, the economy gained traction, growing by 4.6 per cent, 5.0 per cent and 2.2 per cent in the second, third and fourth quarters, respectively. Consumer spending, which accounted for over 70.0 per cent of GDP, accelerated during the year buoyed by savings from cheaper gasoline prices. However, the strengthening of the dollar against a basket of currencies spurred an uptick in imports and constrained exports. Concomitant with the growing economy, US labour market conditions improved in 2014. The annual unemployment rate declined to 6.2 per cent from 7.4 per cent in 2013, the lowest rate since 2008. The civilian labour participation rate averaged 62.9 per cent, compared with 63.3 per cent in 2013. Meanwhile, despite the reduction in unemployment, wage growth was at a tepid 1.7 per cent, significantly below the 3.5 per cent required to push the inflation rate at or above the Federal Reserve's target of 2.0 per cent.

The **UK** economy grew by 2.6 per cent in 2014, relative to growth of 1.7 per cent in 2013, the fastest annual growth rate in seven years. The acceleration in the rate of growth was primarily driven by a 3.0 per cent increase in the services sector, which accounted for more than three quarters of output. Other positive contributions came from construction (7.3 per cent) and manufacturing (2.7 per cent) while value added in the mining and quarrying sector declined by 0.2 per cent. The annual unemployment rate fell to 6.3 per cent from 7.8 per cent in 2013, partly due to an increase in self-employment. However, the rate of employment growth and the speed at which unemployment fell slowed in the second half of the year.

In 2014 real GDP rose by 0.9 per cent in the

Euro area, in contrast to a contraction of 0.5 per cent in 2013. Positive value added was recorded in household consumption expenditure, gross fixed capital formation and net exports, tempered by negative contribution from inventories. The outturn in the Euro area was attributable to developments in the four largest economies. Output expanded in Germany, France and Spain while that of Italy contracted. The Euro area seasonally-adjusted unemployment rate stood at 11.3 per cent in December 2014 from 11.8 per cent in January 2014 as economic conditions improved slightly. The lowest rates of unemployment were recorded for Austria (4.9 per cent) and Germany (5.0 per cent), while Greece recorded the highest rate at 25.8 per cent.

In **Canada** real GDP grew by 2.5 per cent in 2014 following growth of 2.0 per cent in 2013. The outturn reflected increases in household spending, business investment, government investment and exports. On the production side, the increase in value added emanated from all major industrial sectors except agriculture and forestry. In the 12 months to December, the unemployment rate fell by 0.5 percentage points to 6.7 per cent mainly due to a rise in private sector hiring. Due to population aging, the labour market participation rate fell by 0.6 percentage points to 65.7 per cent, the lowest rate since 2000.

The economy of **China** expanded by 7.4 per cent in 2014, slightly below the official target of 7.5 per cent and the 7.7 per cent recorded in 2013. On a quarterly basis, GDP grew by 7.3 per cent in the fourth quarter of 2014, slightly better than expectations. The annual outturn was the lowest rate of growth since 1990. The expansion was driven by greater value added from the agricultural sector and industrial production, mainly mining and manufacturing activity, as growth in fixed assets slowed. Consumption (51.2 per cent) and services (48.2 per cent), the major contributors to the overall economy in 2014, increased by 3.0 percentage points and 1.3 percentage points, respectively. The urban unemployment rate stood at 4.1 per cent at the end of December 2014.

Commodity and Consumer Prices

Commodity prices declined in 2014 reflective of lower prices for energy, metals and food largely associated with supply side developments. The decision by OPEC to maintain its production level despite increasing production by non OPEC producers and a slowdown in the rate of growth in China contributed to excess supply warranting a reduction in oil prices. The average price of West Texas Intermediate (WTI) fell to US$93.3 per barrel in 2014 from US$97.9 per barrel in 2013. WTI prices per barrel reached as low as US$53.3 in December 2014, after reaching US$105.3 during the first half of the year. The UK Brent averaged US$99.0 in 2014 from an average of US$108.6 in 2013, having reached as low as US$55.3 in December 2014. The average price of gold per ounce dropped to US$1,266.4 in 2014 from US$1,411.2 in 2013. The price of silver averaged US$19.0 per ounce in 2014 from US$23.8 in 2013. The FAO Food Price Index (FFPI) averaged 201.8 in 2014 from 209.8 in 2013, representing a decline in all major group indices of dairy, cereals, vegetable oils and sugar, with the exception of meat. The decline in agricultural commodity prices, in particular rice and corn, was mainly influenced by good harvests in major supplier countries.

Falling commodity prices partly contributed to a reduction in inflationary pressures in the major economies. The Consumer Price Index (CPI) in the **USA** rose at a slower rate of 0.8 per cent during 2014 compared with one of 1.5 per cent during 2013. Increases in the food, shelter and rent sub-indices were largely offset by a sharp decline in the energy sub-index. The energy sub-index fell by 10.6 per cent, the largest decline since 2008, reflecting lower prices for gasoline, natural gas and other fuels. Core inflation, which excludes food and energy, rose at a decelerated rate of 1.6 per cent during 2014 from 1.7 per cent during 2013. Consumer prices rose by 1.5 per cent in the **UK** during 2014 compared with an increase of 2.6 per cent during 2013. The largest contributors to the lower rate of inflation were reductions in gas, motor fuels and electricity prices. In **Canada**, the CPI rose by 1.5 per cent during 2014 from 1.2 per cent during 2013, nearing the inflation target of 2.0 per cent. The increase in the rate of inflation was primarily due to higher prices for food, shelter and transportation. Inflation in the **Euro zone** declined to a negative 0.2 per cent in December 2014 from an increase of 0.3 per cent in November 2014. Euro zone deflationary pressures stemmed from lower prices for fuels for transport, heat oil and telecommunications. The rate of inflation in **China** slowed to 2.0 per cent during 2014 from 2.5 per cent during 2013. The outturn reflected a lower rate of increase in food prices and a reduction in the transportation and communications sub-index.

Monetary Policy Developments

During 2014 monetary policy was primarily accommodative to support the global economic recovery amid the oil price shock. In the **USA,** the Federal Reserve maintained the target range for the federal funds rate at 0 to 0.25 per cent in order to support continued progress toward maximum employment and price stability. In October 2014, the Federal Reserve ceased its asset purchase programme after adding more than US$3.5 trillion to the Fed's balance sheet. However, as a continued stimulus, the Committee maintained the existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities and continued to roll over matured Treasury securities. In 2014 the US dollar appreciated against a basket of world currencies including the Yen, the Pound Sterling and the Canadian dollar as stronger economic conditions attracted investors hoping to see a rate increase in the near to medium term.

The **Bank of Canada** maintained its target for the overnight rate at 1.0 per cent as the uptick in the inflation rate was not due to any significant change in the domestic economic fundamentals but rather was attributable to the temporary effects of lower energy prices and the depreciation of the Canadian dollar against the US. The Bank Rate was correspondingly 1.25 per cent and the deposit rate was 0.75 per cent. Current risks such as those related to household imbalances, and weaker oil prices, which pose an important downside risk to the inflation profile, were within the band for which the current stance of monetary policy was appropriate.

The Governing Council of the **European Central Bank (ECB)** in an attempt to boost a tepid economic recovery and ward off the threat of deflation changed several policy rates during the review period. In an unprecedented measure, in June 2014 the ECB cut its interest rate on commercial banks' deposits to minus 0.1 per cent for the first time, which meant that the ECB would charge the region's banks to hold their reserves. By doing so the ECB hoped that banks would increase lending to the productive sectors of the economies. The interest rate on the main refinancing operations was also cut by 10 basis points to 0.15 per cent and that on the marginal lending facility was reduced by 35 basis points to 0.4 per cent. In September 2014, the ECB announced further cuts to the deposit rate by 10 basis points to minus 0.2 per cent. Once again cuts of similar magnitude were made to the interest rate of the main refinancing operations to 0.05 per cent and the marginal lending facility to 0.30 per cent. In September 2014, the interest rates reductions along with the announcement of an asset-backed securities purchase programme and a covered bond purchase programme which should total €60.0b (US$49.6b) on a monthly basis led to a depreciation of the euro to its lowest level in 14 months.

Against the backdrop of a general improvement in economic conditions and easing inflationary pressures caused by declining oil prices and the appreciation of the Pound Sterling, the **Bank of England's** Monetary Policy Committee maintained the official Bank Rate at 0.5 per cent and the stock of purchased assets financed by the issuance of central bank reserves at £375b (US$584.5b) in 2014.

The **People's Bank of China** in response to slower than expected GDP growth, continued decline in house prices and lower inflation, cut interest rates for the first time in two years. The one-year deposit rate was reduced by 25 basis points to 2.75 per cent and the one-year lending rate was lowered by 40 basis points to 5.60 per cent.

Prospects

Global growth is expected to further strengthen in 2015 supported by lower oil prices and accommodative monetary policies. Real output is projected to expand by 3.5 per cent in 2015 and 3.7 per cent in 2016 according to the IMF World Economic Outlook January 2015. The US economy is expected to grow by 3.6 per cent in 2015 and 3.3 per cent in 2016, fuelled by higher levels of business investment and consumer spending that will benefit from improving labour market conditions and higher real incomes. On the downside, the continued appreciation of the US dollar is likely to increase imports and weaken exports. The

Office for Budget Responsibility based on a review of several independent forecasts, projected growth for the **UK** economy at an average rate of 2.7 per cent in 2015 and 2.4 per cent in 2016. Growth will be fuelled by increased consumer spending and reduced business costs, which are likely to boost activity in the services sector. The rate of inflation is expected to remain below the Bank of England's target rate of 2.0 per cent as monetary policy remains accommodative due to slow wage growth and a large output gap. The **Bank of Canada** is projecting average real GDP growth of 2.1 per cent in 2015 and 2.4 per cent in 2016 premised on expectations for increased foreign demand, stronger exports, improved business confidence and investments, and employment growth. However, there exists some degree of uncertainty as to how these indicators will evolve and be impacted by the drop in oil prices. The European Central Bank expects real GDP growth of 1.5 per cent in **Euro area** in 2015, with continued strengthening in 2016. This improvement will be led by developments in Germany, France and Italy, along with an uptick in the remaining countries due to lower oil prices and the depreciated euro, which is likely to boost exports. In addition, the quantitative easing programme, which began in January 2015, is expected to stimulate commercial bank lending to the productive sectors and attract investments. In **China** the economy is projected to grow by 6.8 per cent in 2015 and 6.3 per cent in 2016 due to government policy support and a recovery of exports. The 2015 growth projection is below the target rate of 7.0 per cent set by the authorities as investment and industrial production are likely to remain below the levels of previous years.

Despite the overall positive sentiment about global growth prospects, a number of downside risks persist. While the global economy benefits from lower oil prices, there is a high degree of uncertainty as to how long prices will be subdued. An increase in oil prices will partly erode consumer savings and contribute to a tightening of consumption expenditure which could adversely affect output. There are also some risks emanating from oil exporters in emerging markets faced with increasing external and fiscal imbalances. In the Euro area sluggish growth and low inflation could put a damper on global prospects while a normalization of monetary policy in the US could increase financial markets volatility.

DOMESTIC ECONOMIC DEVELOPMENTS

Overview

Preliminary data indicate that, amidst positive developments in the global economy, the pace of economic recovery in the Eastern Caribbean Currency Union (ECCU) strengthened in 2014, relative to the previous year. The improvement in economic activity was facilitated by continued recovery in the global economy, particularly the major trading partners. Real GDP in the Currency Union is estimated to have expanded for the third consecutive year, registering a preliminary increase of 1.3 per cent in 2014, compared with 1.1 per cent in the previous year. Increases in value added were recorded in a number of key sectors, including hotels and restaurants, agriculture and transport, storage and communications. Economic activity expanded in six of the eight territories of the ECCU and was partially moderated by contractions in Saint Lucia and St Vincent and the Grenadines. Consumer prices for the ECCU in general rose by 1.5 per cent, on an end of period basis, in contrast to a decline of 0.2 per cent in the price level during 2013.

The overall deficit on the consolidated fiscal operations of member governments narrowed, mainly associated with developments on the current side, supported by a reduction in capital expenditure. Despite the improvement in the overall fiscal performance, the outstanding debt of the public sector rose, largely as a result of increased external borrowing. In the banking sector, monetary liabilities and net foreign assets expanded while domestic credit contracted. Liquidity in the commercial banking system improved, associated with an expansion in the deposit base coupled with a decline in credit. The spread between commercial banks' weighted average lending and deposit interest rates widened to 6.22 percentage points. In the external sector, a larger overall balance of payments surplus was recorded, reflecting lower net outflows on both the current account and the capital and financial accounts.

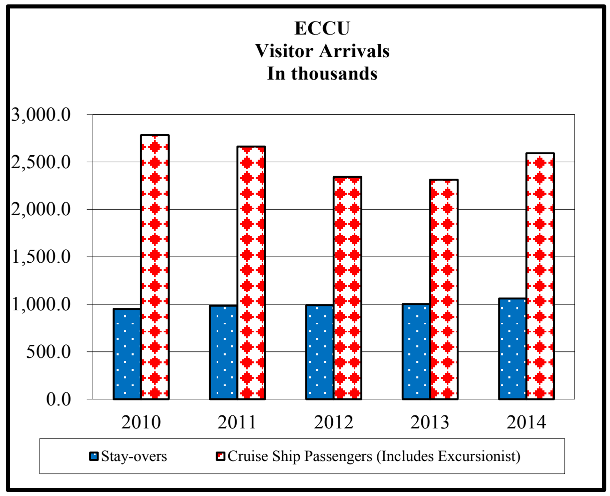
The regional economy is forecasted to continue on its path of recovery in 2015, based on positive GDP expectations for all member territories. The main impetus for economic expansion is a projected turnaround in the construction sector, supported by strengthened performances in a number of the other key service sectors including hotels and restaurants, transport, storage and communications and wholesale and retail trade. Contribution to economic activity is also anticipated from continued improvement in the agriculture, livestock and forestry sector. It is likely that the central governments' consolidated fiscal balance will yield a smaller overall deficit as governments continue their fiscal consolidation efforts. The economic outlook for the ECCU region, however, is contingent on developments in the global economy. Amidst persistent downside risks, global growth is projected to continue on the path of recovery, driven by heightened activity in the advanced economies, particularly the USA. These developments, along with fluctuations in the price of major commodities, geopolitical tensions and adverse weather all have the potential to negatively impact growth forecasts for the ECCU.

Output

Developments in the hotels and restaurants sector, a proxy for activity in the tourism industry, were marked by an estimated expansion of 4.2 per cent in value added compared with one of 2.2 per cent in the previous year. The improved performance in 2014 mirrored growth in the number of visitors across the Currency Union, with the cruise ship passengers' category being the dominant contributor. The number of cruise passengers, which constituted 65.0 per cent of total visitor arrivals, grew by 11.6 per cent to 2,468.4m in contrast to a 1.8 per cent contraction recorded in 2013. Higher cruise passenger arrivals were consistent with a 10.5 per cent increase in cruise ship calls to 1,640, largely reflecting developments in five of the six established cruise destinations in the ECCU. The greatest impact to growth in the total number of cruise passengers was registered in St Kitts and Nevis, where arrivals grew by 20.7 per cent (119,147), followed by growth of 24.3 per cent (55,986) in Dominica, 8.0 per cent in Saint Lucia (47,334) and 19.2 per cent (37,831) in Grenada. By contrast, Antigua and Barbuda recorded a decline of 1.5 per cent (7,931) in cruise ship passenger arrivals.

The improvement in the performance of the tourism industry was supported by an accelerated pace of increase in the stay-over visitor category. Stay-over arrivals grew by 5.8 per cent to 1,063.4m, compared with an increase of 1.3 per cent in 2013. Stay-over arrivals from the USA, the main source market, grew by 7.4 per cent, reflecting increased airlift and a stronger recovery in the US economy. Arrivals from the United Kingdom, the second largest market, rose by 5.3 per cent in contrast to a decline of 4.0 per cent in 2013. The number of stay-over visitors from the Canadian market grew by 9.1 per cent influenced by favourable economic conditions and intensified marketing efforts in that source market. These increases were tempered somewhat by a decline of 3.9 per cent in stay-over visitors from the Caribbean, the third largest market in 2014. Six of the ECCU territories recorded increases in stay-over visitor arrivals, ranging from 2.3 per cent in Anguilla to 22.3 per cent in Grenada. The exceptions were Dominica and St Vincent and the Grenadines, which showed declines of 2.5 per cent and 1.4 per cent respectively.

Of the other categories of visitors, the number of excursionists increased by 20.5 per cent, while yacht passenger arrivals grew by 3.8 per cent. Consequently, the total number of visitors to the ECCU region, increased overall by 9.9 per cent to 3,796.1m, in contrast to a marginal decline (0.4 per cent) recorded in 2013.



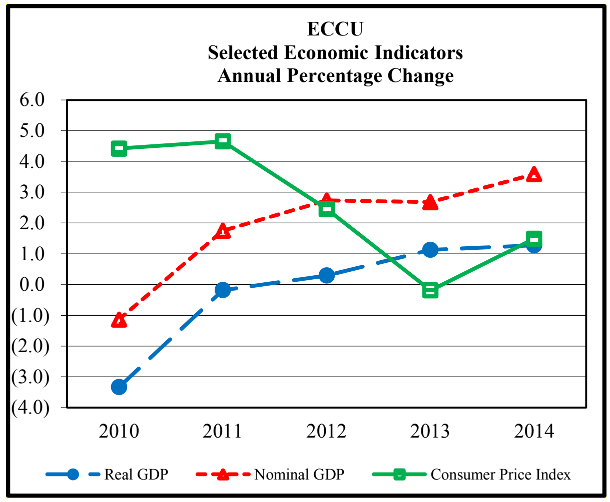
Output in the agriculture, livestock and forestry sector is estimated to have increased by 4.7 per cent, compared with a 3.6 per cent rise in 2013. The expansion in value added in that sector was fuelled by an increase in crop production in most of the islands, particularly in the output of nutmeg in Grenada. Value added from nutmeg rose by 45.0 per cent in 2014 compared with growth of 11.3 per cent in 2013, as a number of trees, which were planted after hurricane Ivan reached the maturity stage. Output of other crops increased by 7.9 per cent, with major contributions from expansions of 30.0 per cent in Grenada and 6.5 per cent in Dominica. A 25.8 per cent contraction in banana production constrained overall output in the agricultural sub-sector. The tonnage of banana produced declined to 15,597.4 from 21,302.1, as output fell in all the major producing countries of the Windward Islands. Declines in output were recorded in Saint Lucia (26.5 per cent), Grenada (25.0 per cent), Dominica (20.0 per cent) and St Vincent and the Grenadines (20.0 per cent). Consistent with the decline in output, earnings from banana exports fell by 26.4 per cent to $17.9m. The reduction in the output of bananas was largely attributable to the lingering negative impact of the Black Sigatoka and Moko diseases, adverse weather - especially heavy rains in Saint Lucia and Dominica; and the decline in acreage under cultivation in Grenada. The livestock sub-sector recorded a higher output, estimated at 5.8 per cent, driven by increases in all territories, especially Saint Lucia, St Kitts and Nevis and Montserrat.

Value added in the manufacturing sector is estimated to have increased marginally (0.4 per cent) in contrast to a contraction of 2.9 per cent in 2013. While production of a number of manufactured goods was somewhat constrained by low demand, stronger domestic and regional demand for a few other commodities like feed, alcoholic beverages and flour fuelled an increase in manufacturing output in St Kitts and Nevis and St Vincent and the Grenadines. These two countries recorded the largest increases of 4.2 per cent and 3.5 per cent, respectively. Smaller levels of growth were noted in Anguilla (2.0 per cent) and Antigua and Barbuda (0.5 per cent). These increases were partially offset by declines in output in Grenada (4.0 per cent), Montserrat (2.5 per cent), Saint Lucia (2.1 per cent) and Dominica (1.0 per cent).

In most of the other major economic sectors, performance was generally favourable. Value added increased in the transport, storage and communication sector by 2.8 per cent, mainly as a result of the increase in overall economic activity and the positive spinoffs from the tourism industry. Improvements were also recorded in value added from a number of other sectors including wholesale and retail trade (1.5 per cent), financial intermediation (0.7 per cent) and real estate, renting and business activities (0.7 per cent).

Value added in the construction industry, however, a major contributor to economic output in the ECCU, contracted by

4.4 per cent in 2014; in contrast to growth of 3.4 per cent in the previous year. The performance of the construction sector reflected lower levels of activity in four of the eight countries of the ECCU – Saint Lucia, St Vincent and the Grenadines, Montserrat and Grenada. Persistent weaknesses in the domestic economies including major fiscal and debt challenges contributed to the suppressed construction activity, particularly in the public sector. The contraction in value added in the construction sector reflected continued weakness in foreign direct investment inflows into the region, which declined by 8.6 per cent owing to smaller inflows to most countries. While the majority of the countries registered declines in both public and private sector investment spending, work continued on a number of projects, particularly in St Kitts and Nevis, Antigua and Barbuda and Dominica.



On an individual country basis, the impact of the decline in the construction sector was greatest in Saint Lucia, where value added fell by 23.3 per cent compared with a contraction of 10.6 per cent in 2013. This development reflected a lower level of activity in both the public and private sectors associated with the absence of major projects in the private sector combined with delays in the implementation of planned public sector programmes. Construction activity also declined in St Vincent and the Grenadines (15.0 per cent, Montserrat (13.0 per cent) and Grenada (5.0 per cent). These declines were tempered by expansion in activity in the other four territories ranging from 2.0 per cent in Anguilla to 7.5 per cent in St Kitts and Nevis.

Prices, Wages and Employment

The consumer price index (CPI) rose by an average of 1.5 per cent (end of period) during 2014, in contrast to a marginal decrease (0.2 per cent) registered during the prior year. The upward movement in the CPI broadly reflected higher prices in all of the sub-categories with the exception of household furnishings and supplies. The food sub-index, the largest weighted in the consumer basket, rose by 1.0 per cent compared with an increase of 0.3 per cent during 2013. Higher prices for food items were reported in all countries, except Montserrat and St Kitts and Nevis, where prices for food and alcoholic beverages declined during the year in review. Other sub-indices to record significant upward movements were clothing and footwear (4.1 per cent), transport and communications (3.0 per cent), education (2.5 per cent), housing (1.3 per cent), alcoholic beverages and tobacco (1.1 per cent) and fuel and light (1.0 per cent). These increases were partly offset by a decline of 2.8 per cent in the household furnishings and supplies sub-index, attributable to falling prices of household items in this category, in the territories of Grenada, Montserrat and Saint Lucia. On an individual country basis, consumer prices rose in five of the eight countries, with the increases ranging from 0.1 per cent in St Vincent and the Grenadines to 3.7 per cent in Saint Lucia. The price declines, by contrast, were generally small ranging from 0.6 per cent in Grenada to 1.0 per cent in Montserrat.

Wage movements in the public sector within the member countries were mixed, while employment indicators remained relatively weak. Public servants did not receive any wage increases in Anguilla, Antigua and Barbuda, Montserrat or St Vincent and the Grenadines, although teachers in Antigua and Barbuda were able to secure retroactive payments related to a recent reclassification exercise. Public sector employees in Dominica accepted a 5.0 per cent salary increase for the 2012 to 2015 triennium, while some in Saint Lucia agreed to a wage freeze for the 2013 to 2016 triennium. In January 2014, a 4.0 per cent salary increase was implemented for public sector employees in St Kitts and Nevis, while retroactive payments, totaling $23.9m were made to Grenadian civil servants this year. Data on private sector wage movements were unavailable for the currency union. Official unemployment data for all countries were unavailable, however consistent with labour market rigidities and weak real sector activity in Saint Lucia and St Vincent and the Grenadines, it was estimated that employment levels were lower in these two countries in 2014 relative to 2013. Although economic activity picked up in the other territories of the ECCU, that activity was insufficient to drive employment and therefore the general unemployment level in the union was estimated to have inched up, especially among the younger members of the labour force. Notwithstanding these general developments, public sector employment increased by 5.3 per cent in Antigua and Barbuda and marginally in St Kitts and Nevis and Saint Lucia,

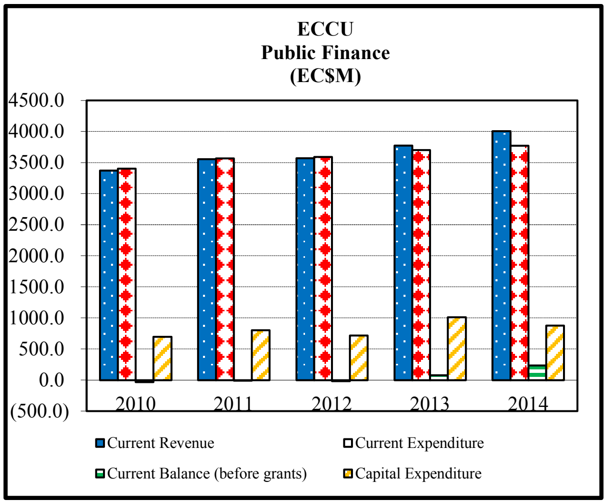
Central Government Fiscal Operations

On aggregate, preliminary data on the fiscal operations of the central governments show that an overall deficit (after grants) of $186.8m (1.2 per cent of GDP) was generated, way below one of $523.8m (3.4 per cent of GDP) recorded one year earlier. The contraction in the overall deficit was largely attributable to developments on the current side as the current account surplus in 2014 more than tripled the outturn of the previous year. The improvement on the current account was supported by a decline in capital expenditure in a number of the ECCU member countries. The overall fiscal situation was also reflected in an improvement in the primary balance (after grants), as it shifted to a surplus of $285.3m (1.8 per cent of GDP) from a deficit of $86.0m (0.5 per cent of GDP) in 2013. A combination of lower overall deficits in Saint Lucia, Dominica, Grenada, St Vincent and the Grenadines, Antigua and Barbuda and Montserrat and a higher overall surplus in Anguilla contributed to the smaller deficit. St Kitts and Nevis recorded a smaller overall surplus.

The current operations of governments yielded a surplus of $234.8m (1.5 per cent of GDP) compared with one of $75.4 (0.5 per cent of GDP), as the rate of revenue collections outpaced growth in current expenditure. Current revenue collections expanded by 6.2 per cent to $4,006.2m (24.8 per cent of GDP) compared with growth of 5.7 per cent to $3,773.8m (24.4 per cent of GDP) recorded one year earlier. The increase in current revenue was primarily on account of larger collections from tax revenues, which was partly offset by a decline in the intake from non-tax revenue.

Tax revenues rose by 8.0 per cent ($248.4m) to $3,365.2m (20.8 per cent of GDP) compared with growth of 1.5 per cent recorded in 2013. Growth in tax revenue was buoyed by higher collections from all categories of taxes. Receipts from taxes on domestic goods and services rose by 7.8 per cent, led by higher collections from VAT, supported by increases in the intake from the sales taxes and stamp duties. VAT receipts were up by 8.1 per cent to $927.7m (5.7 per cent of GDP), reflecting improved performances in all the territories with that category of tax. Yields from the sales tax grew by 9.5 per cent, a reflection of growth in collection from the Antigua and Barbuda Sales Tax, driven by enhanced compliance. Taxes on international trade and transactions increased by 8.5 per cent ($76.0m) to $970.1m, largely driven by higher yields from import duties as imports to ECCU grew concomitant with the increase in economic activity. Also contributing to the uptick in tax revenue were increases of 6.8 per cent ($44.4m) from taxes on income and profits and 15.1 per cent ($11.1m) from the property tax. On a disaggregated basis, all countries recorded growth in tax revenue ranging from 3.0 per cent in Dominica to 14.0 per cent in Grenada.

Non-tax revenue collections fell by 2.4 per cent to $641.0m, mainly due to a decline in collections in Dominica, where smaller inflows were recorded from the economic citizenship programme, fees, fines and sales; St Kitts and Nevis, Saint Lucia and Antigua and Barbuda. Total grant inflows increased by 19.6 per cent to $419.1m (2.6 per cent of GDP), in contrast to a decline of 7.3 per cent in the previous year. This outturn was associated with higher inflows in four of the territories; more so in Grenada, Dominica and Saint Lucia. By contrast, total grant flows to St Kitts and Nevis more than halved, while small declines were noted in Montserrat and Anguilla.



Current expenditure rose by 2.0 per cent to $3,771.4m (23.3 per cent of GDP), compared with an increase of 3.0 per cent in 2013. Despite growth in current spending, the line item remained within the Expenditure Commission's target range of 22 to 26 per cent of GDP. The upward movement in current outlays was largely associated with higher spending on transfers and subsidies, interest payments and personal emoluments. Spending on transfers and subsidies rose by 7.6 per cent ($62.2m), influenced largely by increases in subventions to local and international institutions by the Government of St Kitts and Nevis and higher pension payments by the Government of Grenada. The overall increase in outlays on transfers and subsidies was moderated by a decline in outlays in Antigua and Barbuda, as that country reduced its pension payments and transfers to state owned enterprises.

Larger interest payments ($34.3m) were attributable to increases in the stock of outstanding public debt, as governments continued to borrow to finance their operations. Although the results in the territories were mixed, higher interest payments in three of the member territories were slightly moderated by declines in St Kitts and Nevis, Dominica, St Vincent and the Grenadines and Anguilla. The largest increase in interest payments was recorded in Antigua and Barbuda ($22.6m) and Grenada ($15.9m). Higher outlays on personal emoluments ($19.2m) largely reflected retroactive payments made to teachers in Antigua and Barbuda and a rise in public sector employment in St Kitts and Nevis and Saint Lucia. Mitigating the increases in interest payments and personal emoluments was a reduction in outlays on goods and services ($42.7m), which was driven primarily by developments in St Kitts and Nevis, Saint Lucia and Grenada, where outlays for goods and services declined by $9.5m, $9.3m and $8.7m, respectively, through intensified efforts to reduce wastage and lower maintenance costs.

Capital expenditure at the ECCU level fell by 13.1 per cent to $876.3m (5.4 per cent of GDP) in 2014, and remained within the 5.0 to 7.0 per cent of GDP target recommended by the Expenditure Commission. This outturn contrasted an increase of 41.0 per cent recorded in the currency union in the year 2013. The reduction in capital outlays was observed in five of the territories, namely Dominica ($68.3m), Saint Lucia ($58.1m), St Vincent and the Grenadines ($37.4m), Montserrat ($31.3m) and Anguilla ($4.8m). Lower outlays on capital expenditure reflected decelerating work on a number of existing projects and delayed implementation of other planned projects in Saint Lucia, St Vincent and the Grenadines and Montserrat.

Public Sector Debt

The total stock of outstanding public sector debt of the ECCU member countries increased by 0.8 per cent to $13,176.0m at the end of 2014, compared with growth of 0.7 per cent during the prior year. Notwithstanding the increase in the debt level, the debt to GDP ratio fell to 81.5 per cent from 84.5 per cent at the end of December 2013. The rise in the disbursed outstanding debt was directly influenced by a 3.4 per cent increase to $11,563.9m in the outstanding debt of the central government, as the debt of public corporations declined. The expansion in central government indebtedness stemmed from increases of 5.0 per cent and 2.1 per cent in domestic and external obligations, respectively. These increases were driven largely by increased indebtedness in Antigua and Barbuda, Saint Lucia and St Vincent and the Grenadines. This outturn was partially offset by a 17.8 per cent decline in the public debt level of St Kitts and Nevis, largely attributable to a 43.6 per cent fall in the borrowing of public corporations.

Higher domestic indebtedness was mainly the result of an increase in borrowings by the central governments of Antigua and Barbuda and Saint Lucia. The stock of debt by public corporations fell by 14.4 per cent and primarily reflected a 20.1 per cent reduction in domestic obligations, supported by a decline of 4.5 per cent in external commitments. Compared with the total at the end of December 2013, debt service payments (principal plus interest) by central governments rose by 20.2 per cent to

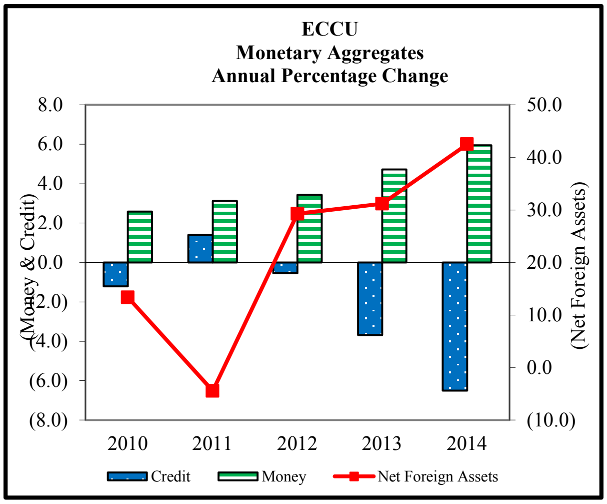
$1257.0m (31.4 per cent of revenue), mainly on account of higher payments obligations in Grenada, St Kitts and Nevis and Saint Lucia.

Monetary and Financial Developments

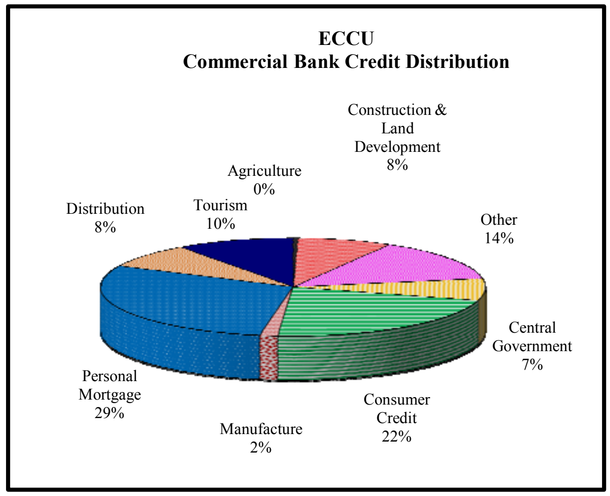
Money and Credit

At the Currency Union level, monetary liabilities (M2) expanded by 5.9 per cent to $14,811.7m during 2014, compared with growth of 4.7 per cent during the previous year. Growth in M2 was sustained by increases in both quasi money and narrow money M1). Quasi money grew by 4.7 per cent ($522.9m) driven by increases of 6.2 per cent and 17.4 per cent in private sector savings deposits and private sector foreign currency deposits, respectively. The performance of quasi money was moderated by a 7.4 per cent reduction in private sector time deposits. M1 increased by 10.7 per cent ($308.3m), fuelled by an 11.7 per cent rise in private sector demand deposits. Growth in M1 was also supported by increases of 7.2 per cent ($48.2m) in currency with the public and 14.6 per cent ($10.2m) in EC$ cheques and drafts issued.

Domestic credit contracted by 6.5 per cent to $11,394.5m, following a decline of 1.8 per cent in 2013. The contraction primarily reflected declines in borrowing by the private sector, non-financial public enterprises and the government. Outstanding credit to the private sector fell by 2.3 per cent to $12,898.3m, driven by a decline of 11.2 per cent in lending to businesses as credit extended to households increased by 2.4 per cent. Outstanding loans to non-financial public enterprises decreased by 39.1 per cent, while their deposits at commercial banks grew by 3.2 per cent. Net credit to the central government fell by 40.3 per cent ($176.9m), associated with declines in loans and advances and debentures from the commercial banks, complemented by an increase of 8.1 per cent in their deposits at commercial banks. Net credit to non-bank financial institutions contracted by 35.6 per cent, while outstanding credit to subsidiaries and affiliates increased by 32.0 per cent driven by a higher level of investment.



An analysis of the distribution of commercial banks' credit by economic activity shows that credit extended to all sectors of the economy declined with the exception of credit for personal purposes. Despite the improvement in tourism activity, credit extended to tourism-related businesses decreased by 9.8 per cent ($147.2m), while credit for businesses in the construction sector recorded a decline of 11.8 per cent ($145.9m), consistent with sluggish activity in that sector. Decreases were also recorded in outstanding credit for manufacturing, mining and quarrying (14.0 per cent), distributive trades (2.9 per cent) and agriculture (18.7 per cent). By contrast, credit for personal use, which accounted for 51.1 per cent of outstanding credit, rose by 2.0 per cent, largely buoyed by increases in credit for other general personal uses (4.1 per cent) and for the acquisition of property (1.0 per cent).



The net foreign assets of the currency union's banking system rose by 42.5 per cent to $4,961.3m, compared with an increase of 31.2 per cent during 2013. This development reflected an increase in the net foreign assets position of both the commercial banking sector and the Central Bank. Commercial banks' net external position more than doubled, primarily influenced by a 17.5 per cent increase in their foreign assets. The external assets of the Central Bank rose by 20.7 per cent to $3,810.3m, supplemented by an increase of 20.7 per cent in their foreign assets.

Liquidity in the commercial banking system appeared to have eased during 2014. The ratio of liquid assets to total deposits plus liquid liabilities increased by 4.2 percentage points to 38.0 per cent, well above the 25.0 per cent minimum established by the ECCB's prudential regulations. The loans and advances to total deposits ratio fell by 7.6 percentage points to 69.1 per cent, also within the ECCB's stipulated range of 75.0 to 85.0 per cent.

The weighted average interest rate spread between lending and deposit rates widened to 6.22 percentage points from 6.09 percentage points at the end of December 2013. A combination of a reduction of 28 basis points to 2.58 per cent in the weighted average deposit rate and one of 14 basis points to 8.80 per cent in the weighted average lending rate explained the widening in the weighted average interest rate spread.

Developments on the RGSM

Preliminary data indicate that activity on the Regional Government Securities Market (RGSM) rose during 2014 as indicated by an increase in both the volume and value of issues on the primary market. This development reflected an increase in the total number of auctions by member governments to 56 from 53 in 2013, while the total value of issues rose by 10.5 per cent to $1,179.5m. Of the total securities, 47 were Treasury bills, while 9 were bonds. The expansion in outstanding security issuances and their value was associated with a number of factors including an increase in issuance by the Governments of Saint Lucia, Dominica and St Vincent and the Grenadines, which more than offset a decline in issuance by the Government of Antigua and Barbuda and a withdrawal from the market by the Nevis Island Administration.

An analysis of the activity by the tenor of the security shows that the instruments were primarily of short term maturity, with Treasury bills making up about 81.1 per cent of the total securities issued. The issuance of short dated securities - Treasury bills, increased in volume by 9.3 per cent, while the value rose by 15.2 per cent to $958.6m. The increase was primarily the result of a rise in issuance by the governments of Saint Lucia, Antigua and Barbuda and Grenada. The long dated securities - bonds, on the other hand, decreased in value, by 6.0 per cent to $220.8m, in line with a decline of 10.0 per cent in terms of the volume issued. This outturn was mainly the result of reductions of 75.3 per cent and 18.1 per cent in the value of bonds issued by the Governments of Antigua and Barbuda and St Vincent and the Grenadines, respectively. These declines were partially moderated by an increase of 29.4 per cent in the value of bonds issued by the Governments of Saint Lucia, the primary issuer of long-term securities on the RGSM.

Commercial banks continued to hold the highest proportion of the value of successful bids, despite a decline in that ratio to 48.2 per cent from 49.8 per cent at the end of 2013. Investor confidence appeared to remain high in 2014, as evidenced by a 6.4 per cent increase in total annual subscriptions to $1,403.9m. However demand by investors for all instruments issued on the market fell during 2014, as indicated by a marginal decline in the bid-to-cover ratio to 1.21 from 1.24.

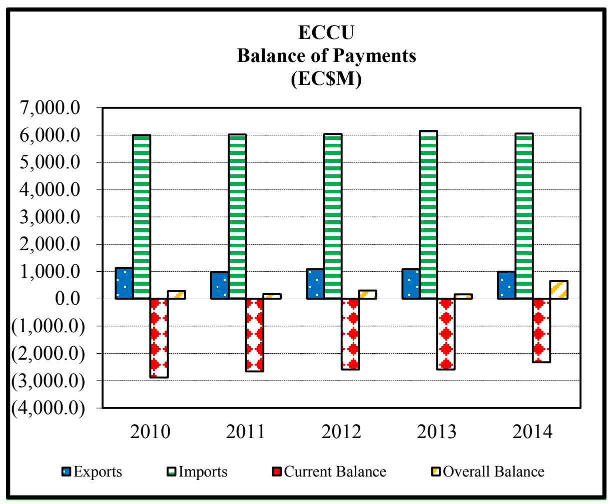
The government of Saint Lucia was the most active on the RGSM, accounting for 33.7 per cent of the gross value of securities, followed by the Government of St Vincent and the Grenadines, which accounted for 27.2 per cent. Issuances by Grenada, Antigua and Barbuda and Dominica, represented 18.6 per cent, 12.4 per cent and 8.1 per cent of the market, respectively. The participation of Saint Lucia increased by the most ($97.2m) when compared with last year, with 18 auctions held, from 16 in the prior year. Only Antigua and Barbuda registered a reduction in the number of auctions, with a corresponding decline in the value of securities raised on the RGSM. Although instruments issued by St Vincent and the Grenadines rose by 1 to 14, the value of securities raised by that country declined by $3.2m.

The rates on the instruments varied from short term to long term and in some cases changed depending on the issuer. The weighted average yield on 91-day T-bills fell by 27 basis points to 3.68 per cent at the end of 2014, compared with 3.94 per cent at the end of 2013. For 180-day T-bills, the rates decreased by 100 basis points to 5.01 per cent. The weighted average yield on the 365-day T-bills rose by 28 basis points to 6.21 per cent. With regard to the movements of rates for limited long-term instruments, the weighted average yield on a 5-year bond fell by 79 basis points to 6.46 per cent, while the yield on a 10-year bond rose by 18 basis points to 7.50 per cent.

Balance of Payments

Preliminary data show that the balance of payments position of the currency union improved in 2014 as the overall surplus increased to an estimated $646.6m (4.0 per cent of GDP) from $157.1m (1.0 per cent) last year. This outturn was attributable to a reduction in the current account deficit, coupled with an increase in the surplus on the capital and financial account.

The current account deficit narrowed to $2,329.2m (14.4 per cent of GDP) from $2,602.9m (16.8 per cent of GDP), in the previous year, influenced primarily by developments on the goods and services account. The deficit on the goods and services account fell to $2,359.4m, from $2,626.6m in 2013, largely reflecting an increase in the surplus on the services account, while the merchandise trade deficit narrowed marginally. On the services account, the larger surplus was a consequence of an increase of 6.1 per cent in net inflows, occasioned by growth in net travel receipts. Net receipts from travel grew by 7.4 per cent to $2,993.9m, fuelled by an increase in the number of stay-over visitors. Of the other sub-accounts, which impacted favourably on the current account deficit, net inflows from insurance and other business services increased, supported by a rise in net current transfers to central governments. On the goods account, a narrowing of the deficit was recorded, associated with a marginal decrease to $5,064.7m, in the merchandise trade deficit, driven by lower payments for imports. Import payments fell by 1.6 per cent to $6,057.8m, consistent with lower international commodity prices; while earnings from exports of goods declined by 8.1 per cent to $993.1m.



Net inflows on the capital and financial account increased to $2,975.8m at the end of 2014 from $2,760.0m in the previous year. The larger surplus on the capital and financial account was influenced by developments on both the capital and the financial sides. A 16.3 per cent increase in net flows from the capital accounts was largely explained by a rise ($98.7m) in capital transfers to governments. On the financial front, the improvement in net inflows was accounted for by a more than doubled outturn in other investment inflows (net) to $478.2m. This outturn was occasioned by a 43.9 per cent increase in inflows from other liabilities, supported by 20.9 per cent growth in inflows from other assets. The rate of increase in the surplus on the capital and financial account was moderated by reductions in inflows from portfolio investments and direct investments. Commercial bank transactions resulted in net outflows of $825.7m, compared with outflows of $709.0m in 2013.

Prospects

Based on the World Economic Outlook – January 2015 update of the International Monetary Fund the global economic outlook appears favourable, despite uncertainties. However, these positive prospects may be moderated by risks related to changing sentiments and volatility in international financial markets, especially in the emerging economies. The updated projections point to global growth of 3.5 per cent in 2015 and 3.7 per cent in 2016, from 3.3 per cent in 2014. The main impetus to growth is expected to be the strengthening economic recovery in advanced economies, particularly the USA and the UK. These countries, to which the ECCU has strong economic ties, are forecasted to expand by 3.6 per cent (USA) and 2.7 per cent (UK) in 2015. Other economies of strategic importance to the ECCU include the Euro area and Canada which, in spite of inherent challenges, are projected to expand by 1.2 per cent and 2.3 per cent, respectively.

In light of the positive prospects for the global recovery and elevated expectations for the US and UK economies, economic activity in the ECCU is forecasted to strengthen in the short to medium term. It is anticipated that this improvement will be influenced by a rebound in the construction sector and positive developments in some of the major economic sectors, including construction, hotels and restaurants, transport, storage and communications and agriculture. All of the member countries of the ECCU are forecasted to record positive growth in 2015.

The construction sector is expected to rebound and effect an increase in value added supported by improved activity in both the public and private sectors. It is likely that developments in the sector will benefit from an anticipated increase in foreign direct investment flows to facilitate construction of a number of planned tourism plants. Planned developments in a number of territories including Antigua and Barbuda, St Kitts and Nevis, Grenada, St Vincent and the Grenadines and Anguilla should fuel private sector construction activity as a number of large tourism-related projects get underway. Public sector construction activity is also projected to increase in most ECCU countries as road and other infrastructural development continues.

Higher value added in the hotels and restaurants sector is anticipated buoyed by increased demand for leisure services from major source markets like the USA, UK, and Canada, as these economies continue to strengthen. Intensified marketing efforts in traditional source markets combined with new initiatives in non-traditional markets, are expected to further increase airlift and to boost the performance of the tourism industry. This anticipated improvement in the tourism industry should have a positive impact on related sectors including wholesale and retail trade; real estate, renting and business activities; and transport, storage and communications, thus a further boost for the economy.

The central governments' fiscal operations are expected to record smaller overall deficits as member countries continue to undertake fiscal consolidation measures. Larger collections from tax and non-tax revenues are likely to continue to outpace growth in current spending. Notwithstanding the anticipated improved current account outturn, further fiscal challenges are likely as official grant inflows diminish and concessional funding becomes less accessible. Consequently, capital expenditure may increase in a few territories, but remain suppressed in others. Overall, fiscal prudence would have to be balanced with the need to strengthen social safety net programmes in the quest to alleviate poverty, protect vulnerable groups and address unemployment, particularly among the region's youth.

On the external accounts, the overall surplus recorded in 2014 is projected to decrease, consistent with a forecasted widening of the current account deficit due to increased outflows for import payments, especially given the anticipated turnaround in construction activity. The surplus on the capital and financial account is likely to be higher than that recorded in 2014, associated with increased inflows of foreign direct investments and remittances, concomitant with a strengthening global economy. However, that larger surplus is not likely to offset the projected rise in outflows to finance imports from the current side.

Developments in the banking system are expected to reflect positive outcomes with respect to an expansion in monetary liabilities, domestic credit and net foreign assets, consistent with the positive growth forecast for 2015. Increased lending to regional governments is projected to fund budgeted capital projects in most of the territories. Credit to the private sector is projected to increase consistent with a number of planned tourism related projects in Antigua and Barbuda, St Kitts and Nevis, Grenada and St Vincent and the Grenadines. The amount of credit extended will reflect the lending policies of commercial banks, with regard to their tolerance for risk, given the level of liquidity in the system and the high hold of non-performing loans. Liquidity is projected to ease further in the short term as macroeconomic conditions continue to improve. Maintaining financial sector stability will remain a top priority for regional governments, as efforts towards the resolution of the financial sector are reaching a critical juncture.

The outlook for the economies of the ECCU member countries remains positive against the backdrop of encouraging signs in the global economy and efforts which started under the region's three-pronged growth strategy. Despite the anticipated improvement in the global recovery, a number of uncertainties remain hence risks have been tilted to the downside. These downside risks include the uncertainty of commodity prices, such as oil, the vulnerabilities in emerging markets – especially oil dependent developing countries and the unpredictability of the international financial markets. Slow growth in wages and a lethargic housing market pose significant risks to the US economic recovery, which could in turn have adverse implications for the ECCU, as projections for the tourism industry are largely premised on developments in the US market. Other downside risks include on-going geopolitical tension, adverse weather and domestic socio-economic issues like poverty and unemployment.

A N G U I L L A

Overview

Economic activity in Anguilla is estimated to have increased in 2014 at an accelerated rate when compared with the previous year. Preliminary estimates indicate that real GDP grew by 1.9 per cent compared with 0.4 per cent in 2013. This expansion was attributed to developments in construction; hotels and restaurants; transport storage and communication; and real estate, renting and business activities sectors. Consumer prices decreased by 1.0 per cent during 2014, on an end of period basis. The central government recorded a larger overall surplus on its fiscal operations, when compared with 2013, reflecting an increase in revenue collections coupled with lower capital expenditure. The total outstanding public sector debt decreased during the period under review. Developments in the banking system included an expansion in monetary liabilities and net foreign assets, in contrast to a contraction in domestic credit. Commercial bank liquidity improved during the review period and the weighted average interest rate spread between loans and deposits widened. The balance of payments recorded a larger overall surplus attributable to an increase in the surplus on the capital and financial account.

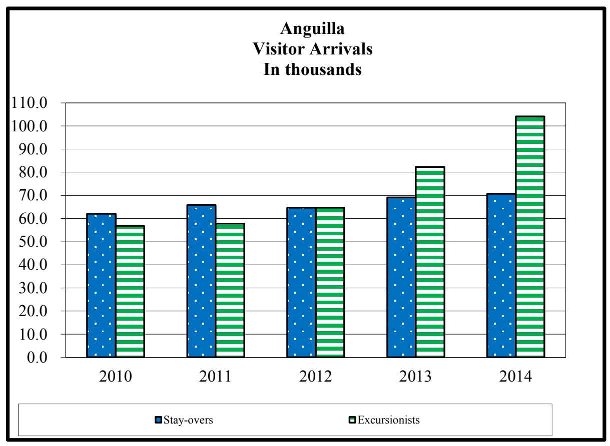
Economic activity is expected to increase in 2015 buoyed by improved performance of the tourism industry due to higher stay-over visitor arrivals, and an uptick in construction activity. In addition, the positive developments in those two key sectors are expected to positively impact the transport, storage and communications, and wholesale and retail trade sectors. The improvement in real sector activity could be moderated by possible downside risks in terms of the costs associated with the resolution of the banking sector vulnerabilities, an uneven global economic recovery due to continued fragility in the labour and housing markets in the USA and geo-political tensions in some oil exporting regions. The threat of weather related damage to the infrastructure presents another major downside risk to the forecast.

Output

Value added in the hotels and restaurants sector, a proxy for activity in the tourism industry, is estimated to have increased by 3.5 per cent in 2014 compared with a

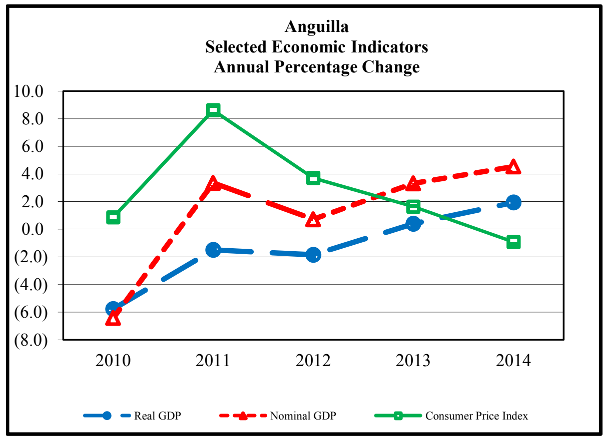
6.2 per cent increase in 2013. The sector contribution to GDP grew marginally to 23.8 per cent from 23.4 per cent in 2013. The performance in 2014 also reflected growth in total number of visitors which increased by 15.5 per cent to 174,805, largely influenced by improvements in stay-over arrivals and excursionists. The number of stay-over visitors is estimated to have increased by 2.4 per cent to 70,690, lower than the 6.8 per cent increase in 2013. This outturn largely reflected the performance of markets such as the Caribbean and Other Countries, as stay-over visitors rose by 8.3 per cent and 11.1 per cent, respectively. The increase in stay-over arrivals was moderated with reductions in the major markets of the USA (0.2 per cent) and UK (1.3 per cent). Limited marketing promotion in the UK continues to constrain the performance of that market. The number of excursionists rose by 26.6 per cent to 104,115 compared with a 27.1 per cent increase in 2013.

The second largest contributor to real GDP, the real estate, renting and business activities sector, recorded a 1.8 per cent expansion in value added compared with a 2.0 per cent increase in 2013. Developments in this sector were largely associated with the level of activity in the tourism industry and the availability of investment capital in the global real estate market. Another major contributor to real GDP, the transport, storage and communications sector recorded a 4.0 per cent increase in value added in contrast to a 0.8 per cent contraction in 2013. The recovery in this sector was broad based with increases recorded for the sub-sectors of road, air and sea transport associated with positive developments in the tourism industry and the construction sector.



The contribution of the construction sector stabilized at 8.1 per cent of GDP in 2014 similar to that of 2013. This was attributable to a 2.0 per cent increase in value added compared with a 4.3 per cent in the previous year. The performance of the sector reflected intensified activity in the private sector as evidenced by a 2.1 per cent increase in credit to the construction sector, moderated somewhat by lower activity in the public sector. In the private sector, construction activity is estimated to have increased based on a pick-up in works associated with the completion of the refurbishment of the Malliouhana Hotel and Spa and intensified construction on The Reef, Solaire Hotel and Villas project, Zemi Beach and Manoah Boutique Resorts. In the public sector, government outlays on capital projects fell, constrained by limited fiscal space and restrictions on borrowing.

Value added in the financial intermediation sector is estimated to have declined by 1.1 per cent compared with a 4.1 per cent contraction in 2013. Lower value added in this sector was directly associated with a decline in bank profitability partly attributable to high non-performing assets at commercial banks. This outturn reflected heightened pressures on the financial system.



Prices, Wages and Employment

The overall level of consumer prices fell by 1.0 per cent during 2014, in contrast to a rate of increase of 0.7 per cent in the prior year. This coincided with low inflation in advanced economies and lower prices for commodities which form a major proportion of the import basket of Anguilla. Decreases were recorded for major sub-indices including; transport (4.1 per cent), communication (1.1 per cent); household furnishings, supplies and maintenance (3.7 per cent) and clothing and footwear (6.7 per cent). The decline in the transport sub-index, the second highest weighted sub-index, was largely attributed to reduced costs of services in respect of personal transport equipment and air travel. Lower cost for gas and electricity restrained movements in the housing, utilities, gas and fuels sub-index, which is the highest weighted sub-index. Those declines were tempered by increases in some of the other sub-indices including those for health (5.6 per cent) and food and non-alcoholic beverages (0.9 per cent).

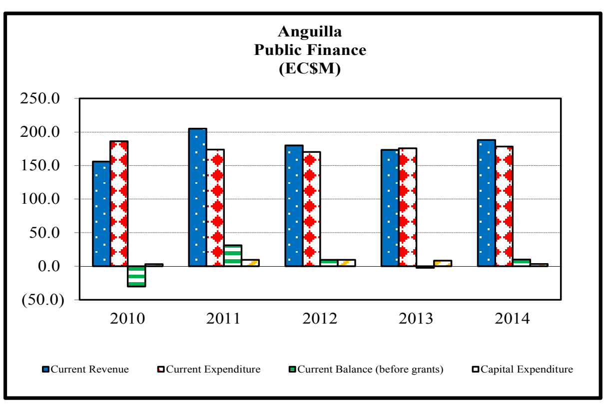
Public servants have not been granted wage increases since 2009 as the authorities continue to restrain expenditure consistent with budgetary constraints. Data on private sector wages are not readily available. Consistent with the number of ongoing tourism related projects coupled with new hiring in the public sector, it is estimated that the number of unemployed persons declined slightly in 2014 compared with the previous year.

Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall surplus of $21.3m in 2014 (2.6 per cent of GDP) compared with one of $5.1m (0.7 per cent of GDP) in 2013. The higher overall balance reflected a turnaround in the current account balance to a surplus from a deficit in 2013. A primary surplus of $30.7m (3.7 per cent of GDP) was recorded in 2014, compared with one of $14.2m (1.8 per cent of GDP) in 2013.

The current account recorded a surplus of $9.9m (1.2 per cent of GDP) at the end of 2014, in contrast to a deficit of $2.4m (0.3 per cent of GDP) at the end of 2013. This outturn stemmed from growth in current revenue which more than offset a rise in current expenditure. Current revenue grew by 8.4 per cent to $188.0m (22.8 per cent of GDP) in contrast to a contraction of 3.6 per cent at the end of last year. Growth in current revenue was largely influenced by an increase in tax collections from both tax and non-tax revenue sources. Tax revenue rose by 6.0 per cent to $156.3m on account of higher revenue collections from taxes on domestic goods and services ($5.8m), taxes on international trade and transaction ($1.8m) and property taxes ($0.8m). The increase in tax revenues from domestic goods and services was attributable to higher receipts of stamp duties ($3.6m) and accommodation taxes ($2.5m). The higher tax receipts for taxes on international trade and transactions, was attributable to an increase in the collection of import duties ($5.0m). Non-tax revenue rose by 22.3 per cent ($5.8m) to $31.7m, attributable to higher earnings from the operations of the Post Office.

Current expenditure rose by 1.4 per cent ($2.4m) to $178.2m compared with a 3.1 per cent increase in 2013. The increase in expenditure was associated with higher outlays for all of the major expenditure categories except transfers and subsidies. The largest contributor to current expenditure, personal emoluments, increased by 1.0 per cent ($0.8m) based on an increase in employment in the public service to fill budgeted vacancies. Outlays on other goods and services rose by 4.3 per cent ($1.8m) due to higher subventions to the statutory corporations. Interest payments rose by 3.1 per cent ($0.3m), associated with higher domestic and external interest costs, while transfers and subsidies decreased by 1.1 per cent ($0.5m) partly due to lower pension payments.



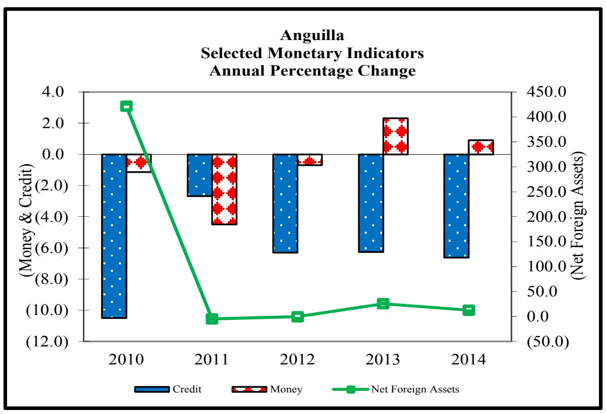
Capital expenditure contracted by 58.5 per cent to $3.4m compared to a decline of 13.1 per cent in the previous year. This outturn was attributed to a reduction in the implementation of capital projects and constraints placed on the authorities via the procurement guidelines and the fiscal responsibility legislation.

Public Sector Debt

The total disbursed outstanding debt of the public sector was estimated at $222.0m at the end of 2014, 4.2 per cent below the amount at the end of 2013. As a percentage of GDP the debt ratio declined to 26.8 per cent from 29.6 per cent in December 2013, due to the combined effects of an increase in GDP and a reduction in the outstanding debt. The contraction in the outstanding debt was attributed to declines in the domestic debt and external debt portfolio of 11.0 per cent and 1.8 per cent, respectively. Central government debt accounted for 94.3 per cent of outstanding debt compared with 93.6 per cent in the corresponding period of 2013. Estimates of the outstanding debt of public corporation indicated a decline of 14.2 per cent to $12.6m.

Money and Credit

Broad money (M2) expanded at a rate of 0.9 per cent to $1,040.3m during 2014 compared with an increase of 2.3 per cent during 2013. The rise in monetary liabilities was largely attributable to an increase in narrow money (M1). Narrow money grew by 19.6 per cent to $51.5m attributable to growth in private sector demand deposits (27.3 per cent). Quasi money, which accounted for 95.0 per cent of M2, rose by 0.1 per cent to $988.8m, reflecting increases in private sector savings deposits (12.8 per cent) and private sector time deposits (3.4 per cent) while private sector foreign currency deposits declined by 2.3 per cent.



Domestic credit fell by 6.6 per cent to $983.3m, following a similar rate of decline during 2013. This outturn reflected reduced lending to the private sector, as well as increases in the net deposit positions of non-financial public enterprises and the central government. Central government transactions with the banking system resulted in its net deposit position increasing by 13.0 per cent ($8.6m), primarily due to an increase in deposits as credit declined. This development was reflective of the restrictions placed on borrowing by the Foreign Commonwealth Office, as the government remained in breach of the UK Borrowing Guidelines. The net deposit position of the non-financial public enterprises grew by 5.8 per cent ($11.6m) mainly attributable to a decrease in outstanding credit. Credit to the private sector fell by 3.8 per cent ($49.7m) largely as a result of declines in outstanding credit to households by 3.4 per cent ($18.4m) and businesses by 3.6 per cent ($26.7m).

The distribution of commercial bank credit by economic activity indicated that outstanding loans fell by 5.7 per cent to $1,222.5m in 2014, largely influenced by a 5.1 per cent reduction in credit for personal use which has the largest concentration (42.1 per cent). Declines were recorded for all the components of credit for personal use:

durable consumer goods (10.9 per cent); other personal use (7.1 per cent); home construction and renovation (3.0 per cent) and; house and land purchase (2.9 per cent). Other major sectors registering declines in outstanding credit included public administration (55.9 per cent), tourism (13.3 per cent), entertainment and catering (11.7 per cent). Those declines were partially offset by increases in credit to professional and other services (5.5 per cent), distributive trades (3.8 per cent), and construction (2.1 per cent).

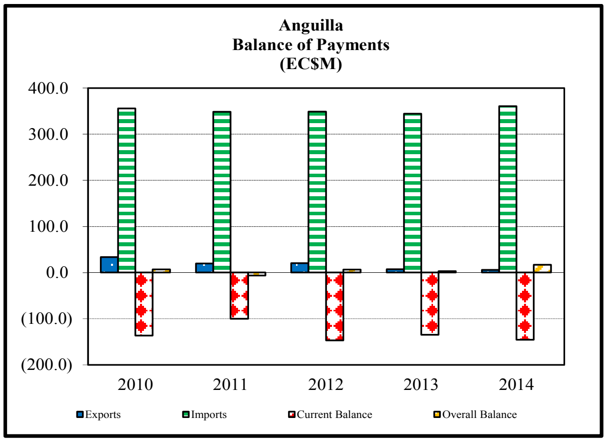
The net foreign assets of the banking system rose by 12.7 per cent to $263.5m compared to a 25.5 per cent increase in 2013. The increase in net foreign assets reflected mainly an increase in Anguilla's imputed reserves. Anguilla's imputed share of the reserves held at the ECCB rose by 15.2 per cent to $127.7m, largely attributable to an expansion in imputed assets. Similarly, commercial banks' net foreign assets increased by 10.4 per cent to $135.8m primarily on account of a higher asset position with institutions within the Currency Union.

Liquidity in the commercial banking system improved somewhat during 2014. This assessment was reflected in the ratio of liquid assets to total deposits plus liquid liabilities which rose by 1.6 percentage points to 26.9 per cent while the loans and advances to total deposits ratio declined by 6.10 percentage points to 87.3 per cent.

The weighted average interest rate spread between loans and deposits widened to 6.28 percentage points at the end of 2014, from 5.86 percentage points at the end of 2013. The weighted average interest rate on loans increased by less than 0.1 percentage point to 9.25 per cent while the weighted average deposit rate fell by 0.35 percentage point to 2.97 per cent.

Balance of Payments

The balance of payments recorded an overall surplus estimated at $16.8m (2.0 per cent of GDP), compared with one of $2.8m (0.4 per cent of GDP) in 2013. The outturn reflected a significant increase of the surplus on the capital and financial account, which was more than sufficient to fund the larger deficit on the current account.



The surplus on the capital and financial account increased by 18.0 per cent to $162.4m in 2014 (19.6 per cent of GDP) from $137.6m (17.6 per cent of GDP) in 2013. The higher balance on the capital and financial account was influenced by a net inflow of other liabilities. This was partly offset by a decrease in net inflows of direct investment by 7.5 per cent to $105.3m in 2014 from $113.8m the prior year.

The current account deficit rose to $145.5m in 2014 (17.6 per cent of GDP) from $134.9m (17.2 per cent of GDP) in 2013, mainly attributed to a larger deficit on the goods and services account. On the goods account the merchandise trade deficit rose by 5.0 per cent to $355.2m in 2014 (43.0 per cent of GDP), from $338.3 (43.2 per cent GDP), due to the combined effects of a decrease in exports and an increase in imports. The import bill increased by 4.7 per cent to $360.3m in contrast to a decline of 1.2 per cent in 2013; on the other hand the value of exports amounted to $5.1m declining by 14.1 per cent from the previous year. Net inflows on the services account rose by 3.8 per cent to $235.8m, reflecting an increase of 3.7 per cent in net travel receipts which amounted to $310.2m in 2014. Net current transfers on the income account to fell to $11.9m from $11.5m in 2013.

Prospects

Global economic growth is forecasted at 3.5 per cent in 2015 based on the January 2015 update to the World Economic Outlook (WEO) report of the International Monetary Fund (IMF). The expansion in global economic growth will be gradual and led largely by accelerations in the performance of advanced economies as well as moderate growth in emerging economies. In particular growth in the USA and UK, two vital international partners, are projected to be 3.6 per cent and 2.7 percent respectively.

In this context, growth is projected in the domestic economy in 2015 through an acceleration of activity in the tourism industry and the construction sector. Output in the tourism industry is projected to expand, sustained by increases in the number of stay-over visitors, increased air access to Puerto Rico via Seaborne Airlines planned operations in 2015, intensified marketing and the opening of the Malliouhana Hotel and Spa. In the construction sector, tourism related construction is projected to increase based on a number of ongoing projects including the Reef, Solaire Hotel and Villa project, Zemi Beach and the Manoah Boutique Resorts. This trend is expected to continue, in the absence of mitigating factors and is projected to positively impact the wholesale and retail trade and real estate, renting and business activities sectors. Inflation and inflationary pressures are anticipated to decline amid lower international commodity prices.

In light of the anticipated improvement in the economy, the fiscal operations of the central government is expected to record an overall surplus due to marginal increases in tax revenue and continued restraint in current expenditure. However, these developments are likely to be partially offset by increases in capital expenditure based on planned capital projects, primarily the construction of the Anguilla Community College and planned upgrades to the primary and secondary schools physical infrastructure.

On the external account the merchandise trade deficit is expected to increase reflecting higher imports consistent with increases in tourism related activity and the construction sector. Gross inflows from travel are projected to be higher in 2015 consistent with the projected increase in visitor arrivals. Foreign direct investment inflows are estimated to moderately increase in 2015.

Overall developments in Anguilla will depend on the pace and scope of the movement in international finance which will dictate the level of construction activity in the economy. A number of FDI projects have already commenced and on-going projects should auger well for the prospects in the tourism industry. The improved performance of the hotels and restaurants sector is likely to be sustained in 2015, which would suggest improved prospects for the performance of the stay-over visitor markets. However, the downside risks to the projections remain elevated both on the eternal and domestic fronts. Looming geopolitical challenges threaten to derail the expansion through the potential adverse impact on investor confidence. On the domestic front, risks include financial sector challenges attributable to the resolution of the vulnerabilities in the banking system and limited possibilities for credit extension, in addition to possible storm damage to the infrastructure.

ANTIGUA AND BARBUDA

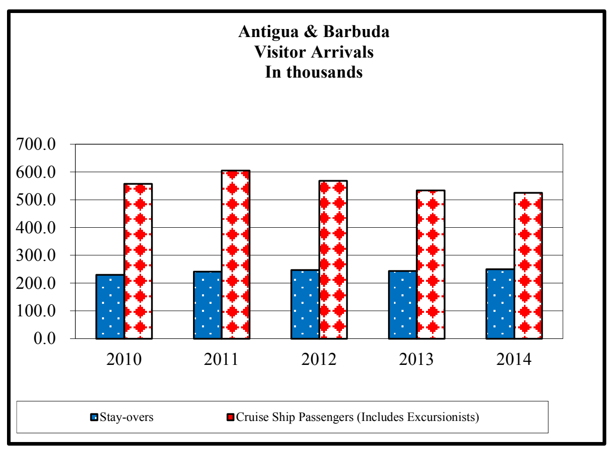
Overview

Against the backdrop of a stable global recovery, economic activity in Antigua and Barbuda is estimated to have accelerated in 2014. Preliminary data indicate that real GDP expanded by 2.9 per cent in 2014, compared with an increase of 1.8 per cent in 2013. The expansion was attributable to positive value added in the main economic sectors such as construction; hotels and restaurants; transport, storage and communications; wholesale and retail trade; and real estate, renting and business activities. The consumer price index rose by 1.3 per cent, on an end of period basis. The overall fiscal deficit of the central government contracted as a result of expenditure cuts combined with higher revenue collections. The fiscal deficit was mainly financed by domestic borrowing and an accumulation of arrears which led to an increase in the total outstanding debt of the public sector. In the banking system, monetary liabilities and net foreign assets increased while domestic credit fell despite the improvement in commercial bank liquidity. The weighted average interest rate spread between loans and deposits widened. The Balance of Payments position improved evidenced by an increase in the overall surplus due to a higher level of inflows on the capital and financial account.

Economic activity is expected to further strengthen in 2015 premised on a favourable global economy and encouraging domestic developments. Positive contributions to GDP are likely to stem from the construction and hotels and restaurants sectors – the main drivers of growth. Construction activity will be fuelled by public sector investments in infrastructure and private sector led tourism related projects. Activity in those sectors will filter into other major ancillary sectors such as transport, storage and communications, wholesale and retail trade and real estate, renting and business activity. Inflationary pressures will likely be subdued as oil prices are not expected to peak significantly during the year. The fiscal deficit is expected to widen due to greater debt service obligations and increased capital spending. A number of downside risks could derail the aforementioned forecast. Existing fragilities in the Eurozone could put a damper on global growth which could adversely affect the tourism industry and foreign direct investments. Other major threats to growth include adverse weather, the inability to source financing to support the growth agenda and increasing commodity prices.

Output

Activity in the hotels and restaurants sector was positively impacted by improved growth and labour market conditions in the advanced economies and increased airlift from USA and UK. Value added in the hotels and restaurants sector, an indicator of tourism activity, increased by 2.9 per cent in 2014, relative to a marginal increase of 0.7 per in 2013. Notwithstanding, the sector's contribution to real GDP remained unchanged at 15.0 per cent in 2014. The improvement in tourism activity was primarily driven by an increase in stay-over arrivals as all other categories of visitors registered declines. The number of stay-over visitors rose by 2.5 per cent to 249,316, in contrast to a decline of 1.5 per cent in 2013. Arrivals from USA and UK which together constitute 66.7 per cent of total stay-over arrivals, advanced by 7.6 per cent and 3.4 per cent respectively, on account of increased airlift provided by American Airlines and Thomas Cook Airlines. The uptick in visitors from the UK was also influenced by the hosting of a cricket test match between the West Indies and England in the first quarter of the year. Meanwhile, the number of stay-over visitors from Canada and the Caribbean, two other significant source markets, declined by 8.4 per cent and 4.8 per cent, respectively. The contractionary performance of the Caribbean market was partly on account of high regional airfares and lacklustre economic conditions in other regional economies which dampened leisure travel.



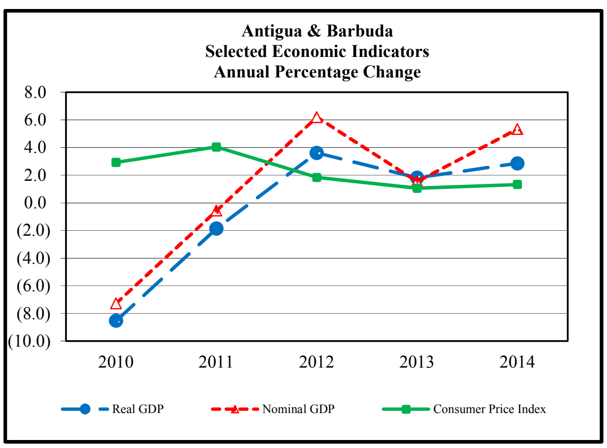
By contrast, activity in the cruise segment was weak as the number of cruise ship passengers declined by 1.5 per cent to 525,349, although at a slower rate than the

6.1 per cent contraction recorded in 2013. The outturn reflected a reduction in cruise ship calls to 315 from 321 in 2013. Yacht passengers also fell by 14.0 per cent to 24,996 largely associated with a reduction in yacht calls by 80 to 3,745. Overall, those mixed developments resulted in a contraction in total visitor arrivals by 0.7 per cent to 799,661.

Value added in the construction sector, one of the largest contributors to GDP is estimated to have expanded by 6.0 per cent in 2014, one percentage point higher than the growth recorded in 2013. The contribution of the sector to real GDP increased marginally to 9.5 per cent from 9.2 per cent in 2013. Construction activity was driven by both public and private sector developments. In the public sector construction works were largely concentrated on the Airport Expansion Project, the new Treasury building, the Fisheries Headquarters, the Department of Marine Services building, the Five Islands secondary school and road maintenance, all of which contributed to an expansion in capital spending. Private sector construction activity included tourism related projects such as the Jumby Bay Project and Tamarind Hills Development. Meanwhile, construction of residential homes was subdued as evidenced by a decline in outstanding commercial bank credit allocated for home construction and renovation. Value added in the mining and quarrying sector which is highly correlated with construction activity is estimated to have increased by 20.0 per cent.

The expansion of activity in the tourism industry and the construction sector had positive spillover effects on other key auxiliary sectors such as wholesale and retail trade; transport, storage and communications; and real estate, renting and business activity which together contributed 38.9 per cent to real GDP. Value added in the wholesale and retail trade sector increased by 8.0 per cent in contrast to a contraction of 3.0 per cent in 2013, associated with higher imports to support tourism activity and greater consumption as the economy strengthened. Value added in the transport, storage and communications sector rose by 2.9 per cent, reversing the contraction of 4.0 per cent in 2013. This primarily reflected developments in all sub-sectors of the transport sector. Activity in air and road transport was heavily influenced by developments in the tourism industry and the construction sector while sea transport was impacted by increased cargo throughput at the sea port. Value added in the real estate, renting and business activity is estimated to have increased by 1.7 per cent, albeit at a slower pace than the 4.1 per cent recorded in 2013. The outturn reflected a slower rate of growth in output from business services tempered by increases in income from owner occupied buildings and real estate activities.

Meanwhile, activity in public administration defence and social security, which contributed 8.4 per cent to real GDP, declined by 1.4 per cent in 2014, in contrast to an increase of 3.6 per cent in 2013. The decline was largely associated with a reduction in pension and gratuity payments which fell by 21.2 per cent.



Prices, Wages and Employment

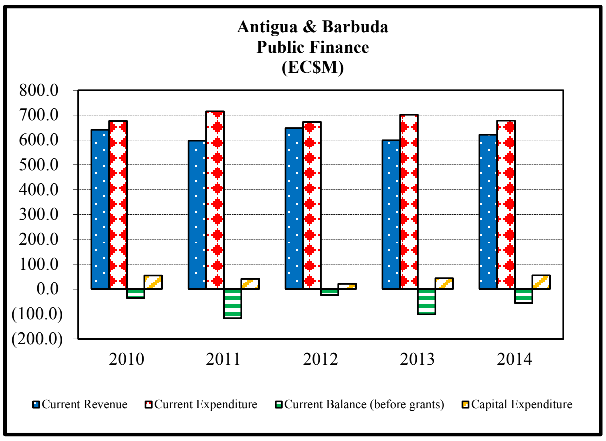
The rate of inflation, as measured by changes in the consumer price index, increased to 1.3 per cent in 2014, from 1.1 per cent in 2013. The uptick in inflation was primarily driven by higher prices for food, transport and communications, and clothing and footwear. Costs associated with housing, which is the highest weighted item in the consumer basket, remained unchanged during the period under review. The food sub-index, which is the second highest weighted in the consumer basket, rose by 1.2 per cent mainly reflecting increases in the price of meats and some dairy products namely cheese and eggs. The transport and communications sub-index rose by 3.0 per cent largely on account of an increase in repair and maintenance fees of personal transportation. Higher prices of men's and boy's clothing largely contributed to a 4.8 per cent increase in the clothing and footwear sub-index. Other increases were recorded in the lesser weighted sub-indices of medical care and expenses (4.7 per cent), education (4.6 per cent) and personal services (2.8 per cent). Meanwhile, the fuel and light sub-index fell by 3.4 per cent due to a decline in the fuel surcharge on electricity.

In terms of wages and salaries no increases were granted to public sector employees in 2014, however, teachers received retroactive payments related to the reclassification exercise agreed to in 2008. The number of public sector employees is estimated to have increased in 2014.

Central Government Fiscal Operations

Preliminary data on the operations of the central government indicated that the fiscal position improved as the overall deficit narrowed due to higher revenue intake and lower current spending. The overall fiscal deficit narrowed to $110.0m (3.2 per cent of GDP) in 2014, from $144.6m (4.5 per cent of GDP) in 2013. The deficit was mainly financed by borrowing from the domestic financial system and an accumulation of both external and domestic arrears. The current account deficit shrank to $56.3m (1.6 per cent of GDP) from $102.8m (3.2 per cent of GDP) in 2013, as revenue increased while spending fell. Consequently, the primary deficit, a key indicator of debt sustainability, narrowed to $21.2m (0.6 per cent of GDP) from $78.3m (2.4 per cent of GDP).

Current revenue increased by 3.8 per cent to $620.3m, in contrast to a decline of 7.6 per cent recorded in 2013. As a percentage of GDP, current revenue remained virtually unchanged at 18.0 per cent, relative to 2013. The increase in current revenue was influenced by the uptick in economic activity and improved collection efforts. Tax revenue grew by 4.9 per cent to $582.2m (17.0 per cent of GDP) associated with increases in all sub-categories except income and profits. Collections from taxes on domestic goods and services rose by 13.9 per cent to $278.8m primarily on account of higher inflows from the Antigua and Barbuda Sales Tax (ABST), attributable to enhanced compliance. Revenue from the ABST increased by 9.4 per cent to $228.9m, reversing the 8.0 per cent downturn recorded in 2013. Receipts from taxes on international trade and transactions rose slightly by 0.4 per cent to $208.5m chiefly reflecting increases from the consumption tax ($10.9m) and the Revenue Recovery Charge ($6.1m). Property tax revenue grew by 22.4 per cent to $22.4m while collections from taxes on income and profits fell by 14.3 per cent to $72.6m. The decline in inflows from taxes on income and profits reflected tight labour market conditions and the return to trend for collections from company taxes, as the spike in the previous year was due to the collection of outstanding arrears.



Current expenditure declined by 3.4 per cent to $676.6m, in contrast to an increase of 4.3 per cent in 2013. The decline was attributable to lower outlays for goods and services and transfers and subsidies. Expenditure on goods and services fell by 18.6 per cent to $120.1m and that on transfers and subsidies declined by 14.7 per cent to $179.0m, due to reduced pension payments and transfers to State Owned Enterprises. Meanwhile, personal emoluments, which on average accounts for 42.6 per cent of current expenditure, increased by 4.2 per cent to $288.6m, largely associated with retroactive payments made to teachers in relation to the reclassification exercise which took effect earlier in the year and the New Work Experience Programme. Interest payments rose by 34.1 per cent to $88.9m as a result of increases in both domestic ($9.1m) and external ($13.5m) payments. Capital expenditure was estimated to have increased by 27.9 per cent to $55.1m as the government undertook a number of infrastructural works.

The overall fiscal deficit was financed by private bond placements, the issuance of securities on the RGSM, borrowings from the commercial banking system and the ECCB, and the accumulation of arrears mainly to non-Paris Club creditors.

Public Sector Debt

Provisional data indicate that the total disbursed outstanding debt of the public sector increased by 7.1 per cent to $3,303.5m at the end of 2014. As a percentage of GDP, the total outstanding debt rose to 96.4 per cent from 95.1 per cent at the end of 2013. The growth in the debt stock was due to a 15.1 per cent increase in domestic indebtedness to $1,918.7m as the external debt stock contracted by 2.3 per cent to $1,384.8m. Central government debt, which makes up 81.9 per cent of total debt rose by 7.8 per cent to $2,705.0m primarily due to new domestic borrowing. The domestic debt stock of the central government grew by 19.1 per cent ($255.9m) as a result of private bond placements, the issuance of treasury bills on the RGSM, commercial bank loans, credit received from the ECCB and the accumulation of arrears. Moreover, the central government assumed liabilities of $112.7m based on Court rulings in 2014 for Half Moon Bay and Sembcorp Antigua Water Limited. Meanwhile, central government external debt declined by 5.2 per cent ($60.8m) as amortization payments exceeded new disbursements. The debt stock of public corporations grew by 4.2 per cent to $598.5m mainly due to an increase in external indebtedness (11.6 per cent) as domestic indebtedness fell by 1.4 per cent.

Money and Credit

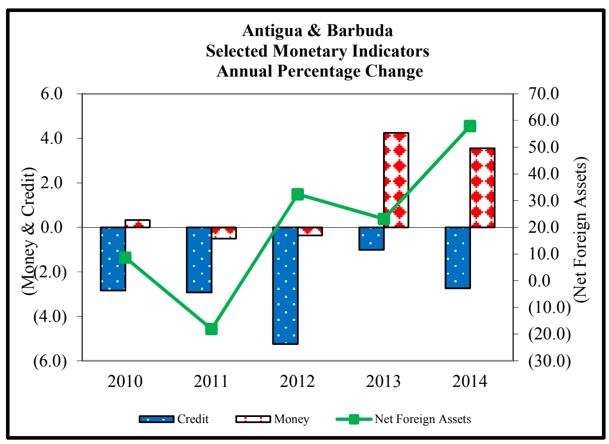
The total monetary liabilities (M2) of the banking system grew by 3.6 per cent to $3,011.8m during 2014, relative to an increase of 4.2 per cent in 2013. The expansion in M2 was consistent with improvements in economic activity which led to increases in both quasi money and narrow money. Quasi money, which accounted for 79.0 per cent of M2, rose by 3.0 per cent to $2,379.6m. Of the components of quasi money, increases were recorded in private sector savings deposits (10.9 per cent) and private sector foreign currency deposits (5.8 per cent) while private sector time deposits contracted by 8.3 per cent. Narrow money (M1), the other component of M2 rose by 5.9 per cent to $632.2m, primarily associated with a 4.4 per cent increase in private sector demand deposits and a 9.3 per cent increase in currency with the public.

Domestic credit declined by 2.7 per cent to $2,610.9m during 2014, following a 1.0 per cent contraction during 2013. The contraction in domestic credit primarily reflected deleveraging by the private sector. The stock of private sector credit fell by 5.2 per cent ($117.9m) influenced by declines in business credit (10.1 per cent) and household credit (0.9 per cent). Net credit to general government fell by 1.6 per cent ($8.1m) largely on account of a 20.2 per cent

($13.9m) increase in deposits as credit grew by 1.0 per cent ($5.8m). Meanwhile, the net deposit position of the non-financial public sector decreased by 48.3 per cent ($52.6m) mainly associated with a drawdown in deposits.

An analysis of the credit allocation by economic activity indicated that credit contracted for all the main sectors except public administration. Credit for personal use, which accounted for 48 per cent of total credit, fell by 1.9 per cent primarily reflecting declines in credit for house and land purchase (5.6 per cent), other personal use (1.9 per cent) and home construction and renovation (0.5 per cent). Other major sectors which experienced declines in credit outstanding were tourism (16.5 per cent), construction (14.1 per cent), manufacturing plus mining and quarry (17.7 per cent) and distributive trades (2.1 per cent). Credit outstanding for other economic sectors contracted by 2.6 per cent, largely on account of reductions in credit for utilities, electricity and water sector (16.7 per cent); professional and other services (7.2 per cent); and transportation and storage (6.6 per cent). Meanwhile, credit for public administration rose by 7.6 per cent to support public sector activities.

The net foreign assets of the banking system rose by 57.9 per cent to $883.1m, compared with an increase of 23.2 per cent during 2013. The increase in net foreign assets was mainly driven by a surge in Antigua and Barbuda's imputed share of the reserves held at the Central Bank. Imputed reserves rose by 46.6 per cent to $801.5m largely attributable to an increase in bankers' reserves as credit growth declined. The commercial banks net foreign assets position increased to $81.6m from $12.4m at the end of 2013 owing to a reduction in liabilities held with banks and institutions outside the ECCU.

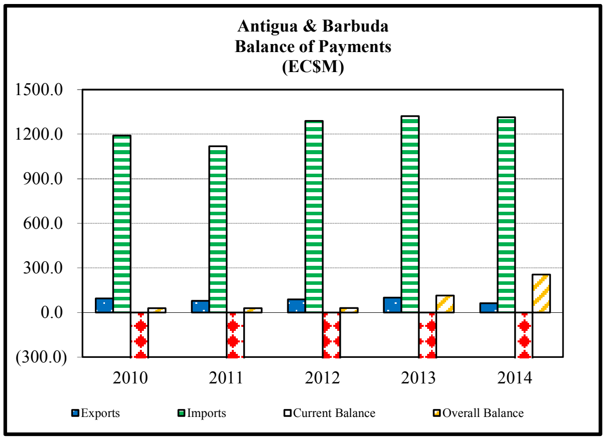


The overall liquidity of the commercial banking system increased during the period under review. This was evidenced by a reduction in the loans and advances to total deposits ratio, which fell by 4.9 percentage points to 73.3 per cent, below the stipulated range of 75.0 - 85.0 per cent set by the ECCB. The ratio of liquid assets to total deposits plus liquid liabilities increased by 3.3 percentage points to 50.5 per cent well above the minimum prudential limit of 25.0 per cent.

The weighted average interest rate spread between loans and deposits increased to 6.65 percentage points from 6.54 at the end of 2013. The increase in the interest rate spread reflected a reduction in the weighted average lending rate by 2 basis points to 9.45 per cent coupled with a decline in the weighted average deposit rate by 12 basis points to 2.81 per cent. The decline in the weighted average lending rate was mainly attributable to a reduction in the ceiling rate for residential mortgages, while the fall in the deposit rate was due to declines in the rate offered on demand deposits and foreign currency saving deposits.

Balance of Payments

Preliminary estimates indicated that the overall surplus on the balance of payments (BOP) increased to $254.3m (7.4 per cent of GDP) at the end of 2014, from $114.6m (3.5 per cent of GDP) at the end of 2013. The improvement in the overall balance was attributed to a larger surplus on the capital and financial account which more than offset the widening of the current account deficit. The surplus on the capital and financial account increased to $742.2m from $589.0m in 2013, largely due to an expansion in inflows of foreign direct investment. Net foreign direct investment rose by 70.3 per cent to $435.2m associated primarily with land sales and equity investments for tourism related projects. The increase in net foreign direct investment was partly offset by a reduction in the net inflows from public sector transactions which declined to $6.3m, from $420.9m in 2013 due to a sharp decline in disbursements from external sources. The transactions of commercial banks resulted in a net outflow of $69.2m in short-term capital, primarily associated with transactions of the foreign branch banks.



The current account deficit widened to $487.9m (14.2 per cent of GDP) in 2014, from one of $474.4m (14.6 per cent of GDP) in 2013. The expansion in the deficit was mainly due to an increase in the merchandise trade deficit as a result of a 37.9 per cent reduction in export receipts partly moderated by a 0.6 per cent reduction in import payments (fob). The surplus on the services account increased by 3.1 per cent to $736.1m due to improved balances on the government services and travel accounts. The surplus on the government services account more than doubled ($12.6m), while the travel account surplus grew by 0.6 per cent ($4.2m), consistent with the increase in tourism activity. On the income account, the deficit widened by 20.3 per cent to $100.4m attributable to greater public sector external interest payments and a higher level of repatriation of investment income.

Prospects

According to the IMF's World Economic Outlook (WEO) January 2015, global economic growth is projected at 3.5 per cent in 2015. Growth will be driven by developments in the advanced economies particularly, that of the USA. Given the high correlation between developments in the US economy and the economy of Antigua and Barbuda, it is anticipated that the growth momentum of 2014, will continue into 2015. Economic activity is expected to be driven by developments in the construction sector and the tourism industry. In the public sector, construction activity will include work on the Cancer Treatment Center, the Housing Program, Five Islands secondary school, the dredging of the harbour and road rehabilitation. In the private sector, work will continue on several tourism-related projects including the Tamarind Hills Development. Other tourism related projects expected to come on stream in 2015 include Hodges Bay Club and some approved projects under the Citizenship by Investment Programme. Value added in the hotels and restaurants sector is expected to expand due to increased airlift by British Airways. Notwithstanding the reduction in the marketing budget, the passage of the Tourism Authority Amendment Bill (2014) is expected to generate greater efficiencies in the management of the sector, also contributing to increased value added in hotels and restaurants. Positive activity in these sectors will likely catalyse growth in the key ancillary sectors such as wholesale and retail trade, transport, storage and communications and real estate, renting and business activity.

The fiscal accounts will continue to be challenged by high debt service obligations. The overall fiscal deficit is expected to widen based on higher levels of interest payments and a marginal increase in personal emoluments. These increases will be cushioned by a rise in grant inflows, receipts from the Citizenship by Investment Programme and cuts in outlays on transfers and subsidies.

The current account deficit on the balance of payments is projected to widen, based on higher import payments to support the uptick in economic activity, while the surplus on the capital and financial account is expected to increase due to higher FDI inflows associated with tourism-related projects. Inflationary pressures are likely to remain subdued as imported inflation remains low given the reduction in oil prices.

The forecast for positive growth could be affected by several downside risks, chief of which is slower than anticipated global growth due to developments in the Eurozone and notable concerns in the US economy such as slow wage growth and a sluggish housing sector. Domestic downside risks include the inability to raise financial resources to support the public sector investment programme and adverse weather.

Domestic downside risks include the inability to raise financial resources to support the public sector investment programme, financial sector challenges resulting from weaknesses in the banking system and the fiscal and debt impact on the resolution effort, and adverse weather.

D O M I N I C A

Overview

Preliminary data indicate that economic activity expanded by 2.0 per cent in 2014, following two consecutive years of decline. This turnaround in economic performance was attributed to improved value added in the tourism industry, and the agriculture, construction, transport storage and communications sectors. Consumer prices rose by 1.0 per cent during 2014, on an end of period basis. The central government recorded a narrower overall fiscal deficit which was financed through loans and advances from commercial banks and bilateral and multilateral creditors. Consequently, the stock of disbursed outstanding debt of the public sector declined in 2014 as the deficit contracted. In the banking sector, monetary liabilities, domestic credit and net foreign assets expanded. Commercial bank liquidity continued to increase, while the weighted average interest rate spread between loans and deposits widened. In the external sector, a deficit was recorded on the balance of payments, influenced by smaller net inflows on the capital and financial account.

Performance in the agricultural, construction and tourism sectors is expected to lead an improvement in economic activity in 2015. The forecasted improvement in the agricultural sector will be driven by efforts at crop diversification and the rehabilitation of banana farms affected by the leaf-spot disease, Black Sigatoka. Projected growth in the construction sector will be mainly attributed to an increase in public and proposed private sector projects such as Range Developers resort. The estimated growth in the tourism industry is expected to be driven by an increase in the number of stay-over visitors and increased marketing by the Discover Dominica Authority. The overall fiscal balance is expected to deteriorate driven by an increase in current and capital expenditures, a decline in tax revenue and flat performance in non-tax revenue.

Downside risks to these projections include unfavourable weather; subdued growth in the economies of major export markets; an increase in global energy prices; changes to airlift schedules and lower grant funding.

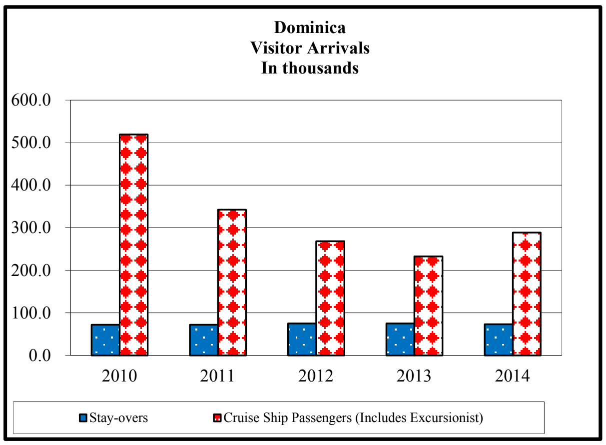
Output

Real GDP is estimated to have expanded by 2.0 per cent in 2014 compared to a decline of 0.6 per cent in 2013. This increased economic activity was mainly attributed to growth in the transport, storage and communications, agriculture, hotels and restaurants, and the construction sectors. The largest sector in the economy, transport, storage and communications grew by 3.4 per cent in 2014, in contrast to a decline of 1.6 per cent in the previous period. This growth was primarily attributed to the transport and storage sub-sector which improved as a result of increased tourism activity in Dominica.

Value added in the agriculture, livestock and forestry sector rose by 4.3 per cent as continued diversification in other crops yielded growth of 6.5 per cent. Efforts toward diversification included the promotion and trade of root crops and horticulture. Production in crops such as white potatoes, onions and cassava increased, influenced by a reform initiative which grants farmers support in the form of materials and equipment. Contribution by the livestock sub-sector is estimated to have increased by 3.0 per cent based on increases in chicken and pork production. Banana production declined for a third consecutive year, registering a smaller contraction of 20.0 per cent. This smaller contraction is attributed to the rehabilitation of 248 acres of banana in the previous year. In addition to this, 69 acres of inter-planting were also undertaken during 2013.

The hotels and restaurants sector, a proxy for tourism activity, rose by 13.8 per cent in 2014, when compared with an increase of 4.3 per cent in the previous year. The growth in the hotels and restaurants sector was primarily attributed to a 17.0 per cent rise in the restaurant sub-index, as total visitor arrivals rose by 16.7 per cent to 373,731. The growth in total visitor arrivals however, was predicated on an increase in cruise arrivals of 24.3 per cent to 286,573 as the number of cruise ship calls increased to 190 from 162 in 2013. Further impetus was provided by an increase of 10.4 per cent (197) to 2,101 in number of excursionists. By contrast, the number of stay-over visitors decreased by 2.5 per cent to 73,199 as arrivals from the Caribbean, a major source market, fell by 5.4 per cent. Stay-over arrivals also decreased from Canada (11.3

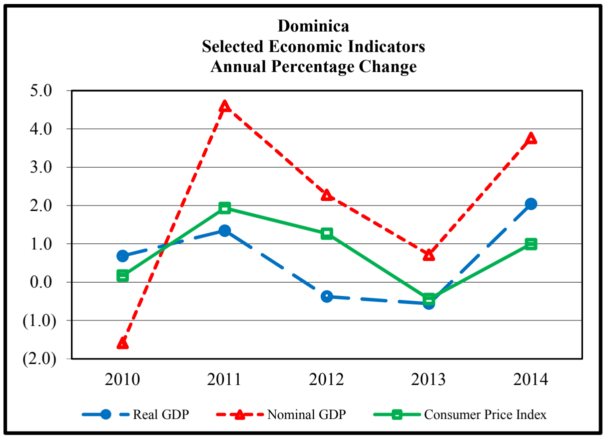
per cent), and South America (14.3 per cent). These declines were partially offset by increases in the number of stay-over visitors from Europe (0.7 per cent) and the United States of America (2.6 per cent). Additionally, the number of yacht passengers declined by 7.2 per cent to 11,858 in 2014.



Activity in the wholesale and retail trade sector, the second largest sector declined marginally by 0.5 per cent. The manufacturing sector, which made a positive contribution to GDP in 2013, registered a decline in activity in 2014. Value added fell by 1.0 per cent in contrast to an expansion by 4.1 per cent in 2013. This negative outturn was driven in part by the lower levels of production for soap (4.8 per cent), beverages (3.8 per cent) and paints and varnishes (3.7 per cent).

Preliminary data indicate that value added in the construction sector grew by 5.0 per cent in 2014 in contrast to a decline of 16.0 per cent in the previous year. This turnaround in performance was mainly led by an uptick in activity in the public sector, as private sector construction is estimated to have remained weak. Public sector construction activity was estimated to have improved, as work intensified on some major on-going projects such as housing, water supply and road networks. Meanwhile, in the private sector, the number and value of construction starts decreased by 25.0 per cent and 29.0 per cent respectively and credit extended for home construction and renovation declined by 1.3 per cent to $201.2m. The estimated expansion in overall construction activity is projected to have had positive spill over effects on value added in the mining and quarry sector which grew by 2.0 per cent.

Growth was recorded in other sectors of the economy such as the education (0.6 per cent) as the number of off-shore medical students increased, fishing (3.5 per cent), financial intermediation (1.4 per cent) and real estate, renting and business activities (0.8 per cent).



Prices, Wages and Employment

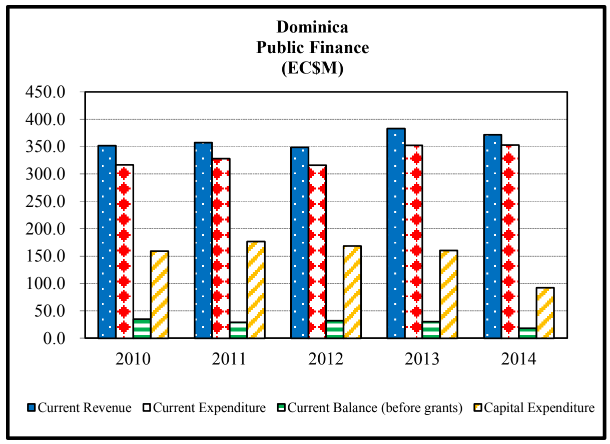
The inflation rate, as measured by a change in the consumer price index, rose by 1.0 per cent in 2014 in contrast to a decline of 0.4 per cent in 2013. Inflationary pressures were mainly attributed to an increase of 4.6 per cent in housing, utilities, gas and other fuels, mainly reflecting higher costs for electricity. Transport, the second highest weighted sub-index rose by 0.3 per cent ascribed to increased costs associated with the purchase of vehicles and the operation of personal transport equipment. Additionally, the sub-index of food and non-alcoholic beverages grew by 0.4 per cent, partly resulting from rising prices in oils and fats, fruits, coffee, tea and cocoa and milk, cheese and eggs.

The total number of persons employed in the public service increased by 2.7 per cent to 4,957 at the end of 2014. Increases in employment were registered for non-established officers (15.3 per cent) and contractual officers (4.5 per cent). In contrast the number of established officers declined by 1.3 per cent at the end of 2014. There was no salary increases awarded in the public sector in 2014. The National Employment Programme, a government led initiative, employs approximately 1,000 persons each year and continues to provide workers to both the private and public sectors. The initiative offers unemployed youth the opportunity to develop job skills and increase work experience whilst building the work force of small and medium sized businesses. The programme targets sectors such as tourism, agriculture and manufacturing.

Central Government Fiscal Operations

The overall deficit of the central government narrowed to $30.4m (2.5 per cent of GDP) in 2014 from $129.5m (11.0 per cent of GDP) in 2013. The smaller deficit was mainly attributed to an increase in capital grants and tax revenue. The deficit was financed by borrowings from bilateral and multilateral agencies; commercial bank lending; and the issuance of securities on the Regional Government Securities Market (RGSM). A primary deficit of $4.8m (0.3 per cent of GDP) was recorded, down from $101.5m (7.3 per cent of GDP) in 2013.

The current account surplus declined by 39.6 per cent to $18.5m reflecting a fall in current revenues and a marginal increase in current expenditure. Current revenue fell by 2.9 per cent ($11.3m) to $371.7m, largely on account of lower non-tax revenue. Non-tax revenue declined by 25.6 per cent to $59.3m as a result of reduced receipts from the economic citizenship program and fees, fines and sales. By contrast, tax revenue grew by 3.0 per cent to $312.4m as the pace of economic activity increased. Receipts from taxes on international trade and transactions grew by 9.3 per cent ($5.3m), mainly on account of increased collections from customs service charge ($34.7m) and import duties ($14.5m) which were consistent with an increase in imports. Taxes on domestic goods and services rose by 3.5 per cent compared with growth of 1.1 per cent in 2013. This improvement was primarily attributed to growth in the yield from the Value Added Tax (VAT) of 4.7 per cent to $129.1m. Earnings from property tax declined by 12.5 per cent ($0.9m) to $6.8m as property purchases declined in 2014. Revenue from taxes on income and profits fell by 2.7 per cent ($1.6m) to $57.0m reflecting a decline in collection from personal income tax.



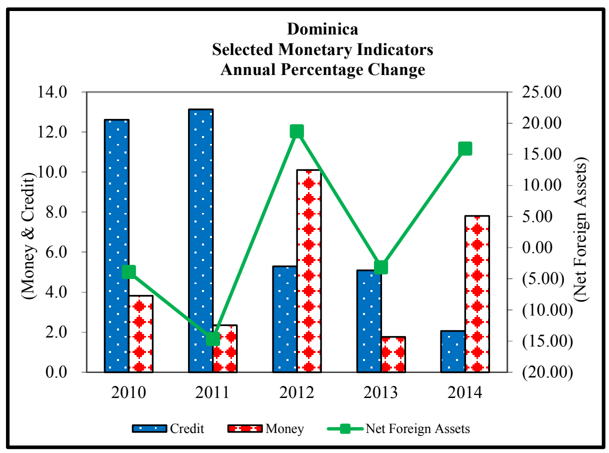
Current expenditure grew marginally by 0.2 per cent to $353.2m (24.3 per cent of GDP) as a result of an increase by 12.9 per cent to $75.8m in expenditure on transfers and subsidies, which was largely on account of increased pensions. All the other main expenditure categories recorded declines: personal emoluments, the largest component of this expenditure, fell by 3.6 per cent to $144.5m mainly attributed to a decrease in salaries, wages and other allowances. Outlays on other goods and services remained relatively unchanged from the previous period, while interest payments amounted to $25.6m, down from $28.1m as external interest obligations fell.

Public Sector Debt

Preliminary estimates indicate that the total disbursed outstanding debt of the public sector was $1,076.6m (74.1 per cent of GDP) at the end of 2014, down from $1,053.5m (75.5 per cent of GDP) at the end of 2013; primarily as a result of an increase in GDP. External debt, which represents 69.6 per cent of disbursed outstanding debt, grew by 1.6 per cent ($11.5m), partly reflecting increased disbursements from the Agence Française de Development and the Caribbean Development Bank. These bilateral creditors provided funding for road rehabilitation and construction as well as the ongoing geothermal project. Domestic debt, which represents 30.4 per cent of disbursed outstanding debt, rose by 3.7 per cent ($11.6m) due to increased borrowing from the commercial banking system. Consequently, central government debt rose by 4.0 per cent to $916.3m, and that of the public corporations increased by 7.1 per cent to $160.3m.

Money and Credit

Monetary liabilities (M2) expanded by 7.8 per cent to $1,248.9m at the end of 2014, mainly attributed to an increase of 7.3 per cent in quasi money. Growth in quasi money mirrored increases in private sector savings deposits ($74.0m) and private sector foreign currency deposits ($12.8m). The narrow money supply (M1) expanded by 10.3 per cent to $234.7 due to increases in private sector demand deposits ($16.5m) and XCD$ cheques and drafts issued ($6.0m). The other component of M1, - currency with the public, grew by $5.3m during the review period.



Domestic credit grew by 2.1 per cent to $737.4m, primarily influenced by transactions with the government. The total deposits of the general government in the banking system increased by 8.8 per cent to $64.8m while the total credit extended to the general government increased by 9.5 per cent to $123.7m. As a result, the net credit position reported at the end of December 2014 amounted to $59.0m compared with a balance of $53.5m at end of 2013. Credit to central government increased by 7.8 per cent to $121.8m mainly attributed to an increase in loans and advances from commercial banks of 15.8 per cent to $56.6m. Additionally, commercial banks holdings of treasury bills increased by 9.1 per cent to $35.8m. Credit to the private sector fell by $17.7m reflecting a decline in lending to businesses. Credit extended to non-bank financial institutions increased by 11.5 per cent to $12.4m. The net deposits of the non-financial public enterprises declined by 28.7 per cent to $95.0m, reflecting an increase in deposits.

Lower credit was extended to economic sectors, including agriculture (27.3 per cent), manufacturing (16.0 per cent), distributive trades (6.6 per cent) and other sectors (3.3 per cent). However, there was growth in credit granted for personal use, primarily for the acquisition of property (0.5 per cent). Additionally, there was an increase in credit for construction of 1.9 per cent.

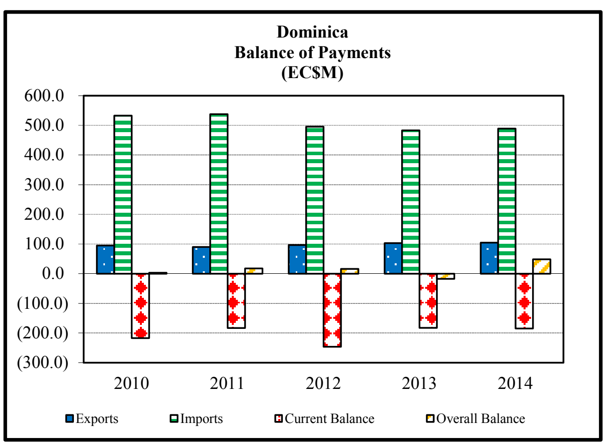
The net foreign assets of the banking system increased by 15.9 per cent to $611.9m, mainly as a result of an increase of 15.0 per cent in the assets held at commercial banks. An increase by 84.9 per cent to $66.8m in net assets held by commercial banks outside of the Currency Union (external assets) together with growth of 5.4 per cent in net assets held by institutions in other ECCB territories contributed to the outturn. Dominica's imputed share of the ECCB's reserves increased by 17.1 per cent to $269.8m.

Liquidity in the commercial banking system rose during the review period. The ratio of liquid assets to total deposits plus liquid liabilities increased by 3.0 percentage points to 43.9 per cent at the end of December 2014. The total loans to total deposits ratio decreased by 4.0 percentage points to 59.3 per cent. The weighted average interest rate spread between deposit and lending rates increased to 6.0 per cent at the end of December 2014. The weighted average interest rate on deposits decreased by

0.2 percentage points to 2.8 per cent, and that on loans declined by 0.19 percentage points to 8.8 per cent.

Balance of Payments

Preliminary estimates indicate an overall surplus on the balance of payments of $48.3m (3.3 per cent of GDP) during the period under review in contrast to a deficit of $17.5m (1.3 per cent of GDP) in 2013. The overall surplus resulted from higher inflows on the capital and financial account. The capital and financial account surplus moved to $234.5m (16.1 per cent of GDP) in 2014 from a surplus of $164.8m (11.3 per cent of GDP) in the prior year. This performance in the capital and financial account was attributed to larger surplus in other investments, capital transfers and foreign direct investment.



The current account deficit narrowed by $4.0m to $186.3m (12.8 per cent of GDP) in 2014, as the deficit on the goods and services account rose. The deficit on the goods and services account widened to $190.4m (13.1 per cent of GDP) reflecting a deterioration in the merchandise trade deficit and a decrease in earnings from services. Merchandise imports (f.o.b) widened by 1.2 per cent to $488.2m, largely associated with an increase in imports of machinery and transport equipment. Earnings from merchandise exports increased by 1.5 per cent to $104.2m partly reflecting growth in export revenue from paints and varnishes ($0.3m). In contrast reductions were observed in export earnings from bananas ($1.1m), beverages ($10.1m) and soap ($2.3m). Net inflows on the services account declined by 0.9 per cent to $185.8m, primarily attributed to decreases in other business services and transportation which was partly offset by a marginal increase in government services. On the income account, net outflows were reduced by 1.5 per cent, resulting from lower net outflows of investment income.

Prospects

Real economic output is forecasted to expand in 2015 in line with a projected improvement in performance in the agricultural and construction sectors along with the tourism industry. In the agricultural sector, efforts to curtail the plant disease, Black Sigatoka are underway with the support of funding from the European Union Commission's BAM (Banana Accompanying Measures). In addition to funding support, the government of Dominica rehabilitated 248 acres of banana farms in 2013 with further plans to replant 150 acres each year for the next three years from 2015 onwards. The non-banana sector is also expected to contribute to the improvement in the agricultural sector. As such, the authorities continue to pursue diversification into root and other non-traditional crops such as coffee, cocoa, pigeon peas, white potatoes and onions. These diversification measures along with a continuous search by authorities for new markets for fresh produce should lead to a rise in production as the sector becomes sufficiently stimulated.

Public sector reconstruction and rehabilitation works and private sector infrastructural projects such as the proposed Range Developers resort are expected to be pursued in 2015 thereby leading to an expansion in construction activity. Additionally, progress continues with the geothermal initiative and new proposals such as the Portsmouth Hospital are expected to begin in 2015. The 2015/2016 tourism season is expected to be positive with respect to stay-over visitor arrivals as efforts aimed at marketing through social and other forms of media along with collaborative efforts continue to intensify. The proposed restructuring of regional carrier LIAT is unlikely to have a major impact on Dominica should current scheduling remain unchanged. The prospects for cruise tourism are likely to be favourable as cruise ship arrivals are expected to increase.

Value added in the education sector is anticipated to increase in 2015, based on the ongoing expansion of facilities and operations of an education institution which will attract more foreign students to the country. Manufacturing is expected to improve slightly as producers become more efficient, stimulate local demand and access new export markets. It is anticipated that inflation will increase contingent upon an expansion in economic activity and a rise in the value of imports.

A higher overall fiscal deficit is likely to be realized in 2015 as revenue remains flat and expenditures increase. Performance of revenues is predicated on recent amendments to taxable bands for personal income tax and a reduction in the corporate tax rate. The forecasted increase in expenditure is expected to be primarily attributed to a rise in personal emoluments based on recent agreements to facilitate retroactive wage and salary payments. Additionally, authorities are likely to increase capital outlays as public sector led initiatives begin.

In the external sector, the merchandise trade balance is likely to deteriorate, contingent on higher domestic demand and greater imports. Export earnings are likely to increase with any associated improvements in the manufacturing sector. Gross receipts from travel are projected to increase based on a forecasted improvement in cruise and ultimately total visitor arrivals.

Although, activity within major economies have improved, downside risks remain; these setbacks include reduced grant funding; adverse weather; and an increase in global energy prices. Furthermore, a deterioration of fiscal balances coupled with the lack of growth in the private sector pose a significant downside risk to the economy.

G R E N A D A

Overview

The Government of Grenada commenced the implementation of its three-year Home-grown Programme of Fiscal Adjustment and Reforms in 2014. The Programme started in January 2014 and was supported by an International Monetary Fund (IMF) arrangement under the Extended Credit Facility (ECF) from June 2014. Fiscal adjustment measures were undertaken, structural reforms progressed and negotiations on public debt restructuring advanced during the year under review. Against the backdrop of these domestic developments and favourable global conditions, the economy showed signs of a continued recovery. Real GDP is provisionally estimated to have increased by 2.6 per cent in 2014, following growth of 3.1 per cent in 2013. The recovery, albeit at a slower pace, was mainly led by expansions in agriculture; tourism; transport, storage and communications; and education. Growth was moderated by declines in some of the other sectors, including construction and manufacturing. The consumer price index declined by 0.6 per cent during 2014, on an end of period basis. The overall deficit on the central government's fiscal accounts narrowed, as growth in current revenue and grant inflows outstripped that of expenditure. Total outstanding public sector debt rose during 2014. Developments in the monetary sector were marked by growth in monetary liabilities while domestic credit contracted. Commercial bank liquidity rose during 2014, and the spread between the weighted average lending and deposit interest rates widened. In the external sector, a smaller overall balance of payments surplus was recorded.

Looking forward to 2015, positive developments in agriculture, tourism and construction are expected to provide a boost to the economy. Additionally, the economy will be anchored by ongoing growth enhancing structural reforms. The decline in consumer prices is expected to persist in 2015. The overall fiscal deficit of the Central Government is projected to narrow, amid continued efforts to streamline expenditure and increase revenue. The outlook for the Grenadian economy remains subject to significant downside risks. A lack of consumer and investor confidence can postpone the economic recovery. Other downside risks are associated with adverse weather; a weak global recovery; a turnaround in international oil prices; and a lack of support for the continued implementation of the Home-grown Programme.

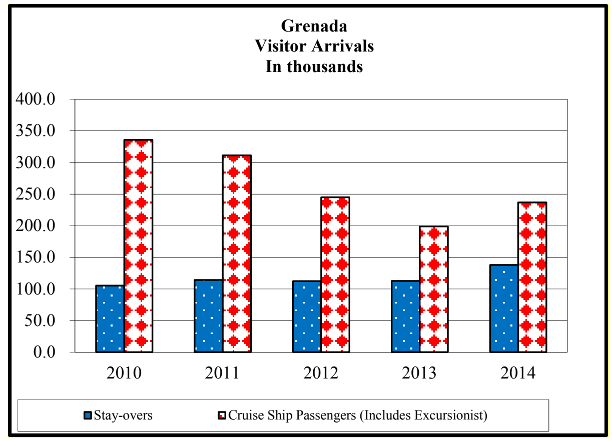
Output

Value added in the agriculture, livestock and forestry sector, which accounted for 4.8 per cent of total GDP in 2014, expanded by 23.1 per cent fuelled by strong growth in the non-banana sector. The total output of other crops, mainly ground provisions, fruits and vegetables, is estimated to have expanded by 72.1 per cent to 2.5m pounds. This improved activity was partly associated with successful efforts to market the consumption of these crops; higher prices for some items; and greater uses of technology and a crop forecasting system by farmers. Additionally, nutmeg production rose by 40.9 per cent to 533 tonnes, above the pace of growth of 11.3 per cent in the preceding year, as some trees matured from planting in the aftermath of hurricane Ivan. The rate of contraction in cocoa output stabilised to 12.3 per cent, from 13.5 per cent in 2013. In the other related sub-sectors, value added of livestock and forestry rose by 4.0 per cent and 3.7 per cent respectively. Meanwhile, banana production, which remained constrained by lower acreage under cultivation, registered a deeper contraction of 19.9 per cent in 2014, relative to one of 5.5 per cent in 2013.

The fishing sector continued to show signs of growth. Total fish caught rose by 5.5 per cent to 6,273 tonnes in 2014, following growth of 19.1 per cent in the previous year. This performance is a consequence of increases in the number and size of boats especially from Carriacou and Petit Martinique. In addition, it reflected the increased use of the communication network between fishermen out at sea which encouraged more deep water fishing.

Value added in the hotels and restaurants sector, a proxy for activity in the tourism industry, rose by 14.4 per cent, a rebound from the previous year's contraction of 6.7 per cent. The sector's contribution to total GDP moved to 4.8 per cent from 4.3 per cent in 2013. Total visitor arrivals expanded by 20.0 per cent to 378,477, in contrast to a decline of 12.9 per cent in 2013.

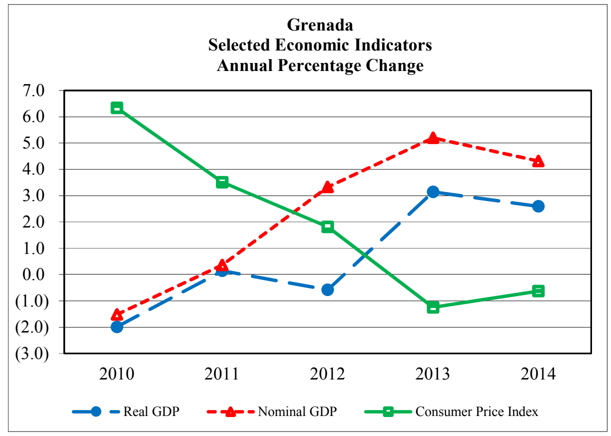
There were gains in all sub-categories of visitors, particularly stay-over and cruise-ship passenger arrivals. The number of stay-over visitors increased by 22.3 per cent to 137,991. The improvement was facilitated by intensified marketing by the Grenada Tourism Authority, the opening of the Sandals La Source Grenada, and increased airlift from the major source markets. There was growth in arrivals from all source markets with the exception of the Caribbean market which registered a fall of 7.6 per cent. The strongest growth was in arrivals from the USA (20.0 per cent), Canada (44.9 per cent) and the United Kingdom (14.0 per cent). In the cruise visitor category, the number of passengers was up by 19.2 per cent to 235,140, representing a turnaround from the decline of 18.7 per cent in 2013. There was an increase in the number of cruise ship calls from 144 to 156. The number of excursionists rose by 3.0 per cent and the number of yacht passengers is estimated to have grown by 2.1 per cent.



Positive spill over effects from agriculture and tourism led to growth in the transport, storage and communications sector (5.7 per cent) and wholesale and retail trade sector (0.5 per cent). The combined contribution of these two sectors to total GDP was 21.6 per cent in 2014, representing almost one-quarter of the total economy. Other key sectors which recorded growth were: education (4.8 per cent) and real estate, renting and business activities (0.9 per cent).

Output of the construction sector is estimated to have declined by 5.0 per cent following a year of expansion of 26.3 per cent in 2013, when activity was led by work on the Sandals La Source project and the National Insurance Scheme building. The sector’s contribution to overall GDP fell to 6.8 per cent from 7.3 per cent in 2013. A dip in private sector construction activity was moderated by work on public sector projects such as the National Athletic and Football Stadium, roads and schools.

A deeper contraction of 4.0 per cent was observed in the manufacturing sector in 2014, relative to one of 2.3 per cent in the preceding year. The sector's overall contribution to GDP declined marginally to 3.3 per cent. There was a notable decline of 18.6 per cent in rum production which was affected by the lack of production by a major plant. The downturn in the sector was also influenced by reductions in the production of macaroni (17.8 per cent), toilet paper (13.2 per cent), soft drinks (11.2 per cent), paint (1.7 per cent) and beer (0.9 per cent). These declines were partially offset by higher production of items such as stout (21.4 per cent), wheat bran (15.2 per cent), malt (12.8 per cent), flour (12.3 per cent) and poultry feed (0.8 per cent).



Prices, Wages and Employment

The consumer price index (CPI) fell by 0.6 per cent during 2014, following a year of contraction of 1.2 per cent. The decline in international oil prices contributed to reductions in the sub-indices for transport (2.6 per cent) and housing, utilities, gas and fuels (0.9 per cent). Other sub-indices which fell included clothing and footwear (2.8 per cent), communication (1.9 per cent) and household furnishings, supplies and maintenance (0.4 per cent). Growth was recorded in the remaining sub-indices, particularly the food and non-alcoholic beverages sub-index which rose by 1.5 per cent, partly associated with higher prices for food items such as meat, cheese and milk.

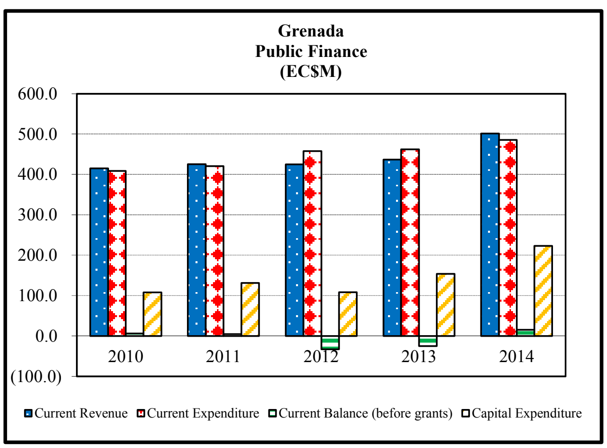
With respect to wages and employment developments, retroactive wage and salary payments were made to public officers and pensioners totalling approximately $27.6m in 2014. Preliminary data indicate that public sector employment fell in 2014. In August of 2014, the Cabinet approved an Attrition Policy for the public service, with immediate effect, and as a first step in its implementation 425 out of 474 vacant posts were abolished. In the private sector, the preliminary results of the 2014 Labour Force Survey indicate that the unemployment had fallen to 29.5 per cent from the rate of 32.5 per cent in 2013. It was estimated that the unemployment among the youth (ages 15-24) had fallen from 53.2 per cent to 45.4 per cent, as the authorities targeted the youth in its public employment programmes.

Central Government Fiscal Operations

The fiscal performance of the central government improved during the year under review supported by the consolidation efforts undertaken from January 2014, as part of the Home-grown Programme. An overall fiscal deficit of $95.4m (4.0 per cent of GDP) was incurred in 2014, down from one of $147.9m (6.6 per cent of GDP) in the previous year. The improvement, which remained muted by increased expenditure, was attributed to a higher level of current revenue and grants. The deficit was partly financed by loans from multi-lateral institutions such as the IMF, World Bank and CDB to support the Home-grown Programme. A primary deficit of $8.9m (0.4 per cent of GDP) was registered, down from one of $77.3m (3.4 per cent of GDP) in 2013.

A current account surplus (before grants) of $15.5m (0.7 per cent of GDP) was realised, in contrast to a deficit of $24.9m (1.1 per cent of GDP) in 2013, as growth in current revenue outpaced that of current expenditure. Stronger growth in current revenue resulted from a combination of factors including higher economic activity, new fiscal measures and improved tax administration. Current revenue rose by 14.7 per cent to $501.5m (21.1 per cent of GDP) reflecting higher inflows from all major tax heads. Receipts from taxes on income and profit increased by 36.0 per cent ($23.8m) anchored by a downward adjustment of the income tax threshold from $60,000.00 to $36,000.00 per annum from January 2014. Revenue from taxes on international trade and transactions grew by

14.7 per cent ($18.4m), primarily on account of larger receipts from the import duty and customs service charge. Measures to reduce the level of customs and excise exemptions and to increase the customs service charge contributed to the higher yield. Collections from taxes on domestic goods and services increased by 4.8 per cent ($10.2m), mirroring the impact of measures to increase the Value Added Tax (VAT) intake. Receipts from the VAT rose to $176.7m (7.4 per cent of GDP) from $157.5m (7.0 per cent of GDP) in the previous year. A higher property tax rate influenced a 41.6 per cent ($6.3m) rise in the yield of this tax. Consequently, tax revenue rose by 14.0 per cent to $477.6m (20.1 per cent of GDP). Non-tax revenue was up by 31.0 per cent ($5.7m), partly associated with increased collections from fees and charges.



Current expenditure rose by 5.2 per cent to $486.0m (20.4 per cent of GDP). The largest increase in spending was on transfers and subsidies (24.6 per cent), partly on account of higher pension payments. Interest payments were also up; they grew by 22.6 per cent ($15.9m), mainly reflecting an increase in obligations on external debt. By contrast, expenditure on personal emoluments, the largest sub-category, fell by 0.4 per cent ($1.0m). The outlays on goods and services fell by 11.5 per cent ($8.7m), reflecting the efforts by the authorities to reduce wastage.

In an attempt to boost growth, the government targeted increased capital investments. This resulted in capital expenditure amounting to $223.2m (9.4 per cent of GDP), up from $154.3m (6.8 per cent of GDP) in 2013. This spending was concentrated on the National Athletic and Football Stadium, road development, among other public buildings. Capital grants almost tripled to $92.4m, linked in part to the receipt of funds from Petro Caribe. Meanwhile, current grants amounted to $19.8m during the year under review, reflecting an amount received from the European Union under the 10th European

Development Fund multi-sector general budget support programme.

Public Sector Debt

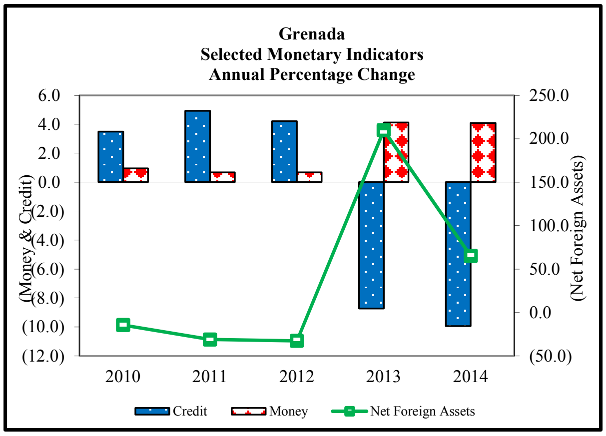
The total outstanding debt of the public sector was estimated at $2,359.8m at the end of 2014, representing an increase of 1.3 per cent on the total at the end of 2013. As a percentage of GDP, the outstanding debt of the public sector moved down to 99.1 per cent from 103.3 per cent at the end of 2013. Growth in public sector debt was driven by higher borrowing by the central government. The total disbursed outstanding debt of the central government grew by 2.6 per cent to $2,182.7m, reflecting a 4.6 per cent increase in external debt which was partly associated with disbursements to support the Home-grown Programme. The domestic debt of the central government fell by 1.5 per cent to $684.6m, reflecting declines in overdrafts and arrears. Meanwhile, the total outstanding debt of public corporations fell by 12.6 per cent to $177.1m due to scheduled amortization payments. These reductions are the results of efforts by the authorities under the Home-grown Programme to avoid the accumulation of external debt arrears and limit the net increase in debt guaranteed by the central government.

Money and Credit

Monetary liabilities (M2) rose by 4.1 per cent to $2,018.0 during 2014, on par with the rate of growth registered in the prior year. This performance mainly stemmed from an expansion of narrow money. Narrow money grew by 22.4 per cent, on account of increases in private sector demand deposits (31.0 per cent) and currency with the public (7.3 per cent). Quasi money fell by 0.4 per cent, underpinned by a contraction of 9.8 per cent in private sector time deposits which offset increases in both private sector savings deposits (2.2 per cent) and foreign currency deposits (0.1 per cent).

Net foreign assets expanded by 65.2 per cent to $582.2m during 2014. Commercial banks transactions contributed largely to this outcome as growth was registered in their net asset position in other ECCU territories (71.5 per cent) and in their net assets position with institutions outside of the Currency Union (23.1 per cent). Consequently, commercial banks shifted to a net foreign asset position of $154.8m at the end of

December 2014, from a net foreign liability position of $13.2m at the end of December 2013. Meanwhile, Grenada's imputed share of the Central Bank's reserves rose by 16.9 per cent to $427.3m.



There was a deeper contraction of 9.9 per cent in domestic credit in 2014, relative to a rate of 8.7 per cent in the previous year. Private sector credit remained weak amid the mild pace of the economic recovery. Private sector credit fell by 5.1 per cent ($86.5m), mirroring reductions in outstanding loans to both businesses (10.4 per cent) and households (2.5 per cent). The net credit position of the central government, in the banking system, decreased by 66.8 per cent to $17.3m, reflecting the combined effect of an increase in deposits at the Central Bank and a reduction in credit from commercial banks.

In the rest of the public sector, the net deposits of non-financial public enterprises expanded by 82.1 per cent, largely associated with an increase in deposits.

Credit to most economic sectors remained subdued in 2014. Declines were recorded in credit for construction (25.3 per cent), distributive trades (13.5 per cent), tourism (7.7 per cent) and manufacturing and mining and quarry (9.6 per cent). Marginal growth of 0.7 per cent was recorded in credit to agriculture and fisheries. Outstanding loans for personal use, the largest category, dropped by 3.8 per cent, largely on account of a decline of 6.5 per cent in credit for the acquisition of property. The exceptions were in growth in credit for utilities, electricity and water (39.3 per cent); and professional and other services (9.9 per cent).

In line with the contraction with credit and an increase in deposits, commercial bank liquidity increased during the year under review. The ratio of liquid assets to total deposits plus liquid liabilities rose by 5.2 percentage points to 35.5 per cent. The loans and advances to total deposits ratio contracted by 8.0 percentage points to 68.6 per cent.

The weighted average interest rate on deposits decreased by 0.23 percentage point to 2.23 per cent, at the end of December 2014. The weighted average interest rate on loans fell by 0.09 percentage point to 9.01 per cent. Consequently, the interest rate spread between the weighted average deposit and lending rates increased by 0.14 percentage point to 6.78 per cent during 2014.

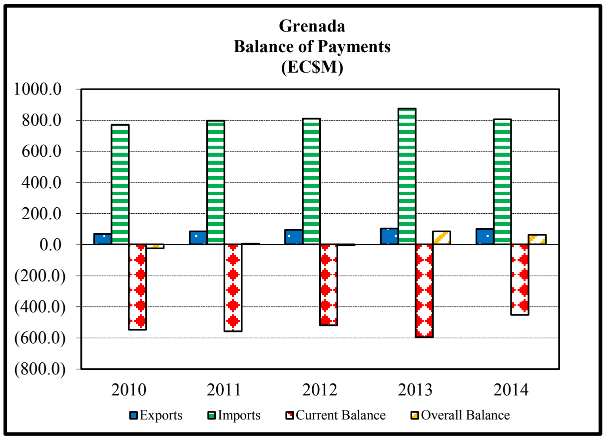
Balance of Payments

External sector transactions resulted in an overall surplus of $61.7m (2.6 per cent of GDP), down from one of $84.8m (3.8 per cent of GDP) in 2013, as the improvement on the current account was muted by lower net inflows on the financial account.

The current account deficit narrowed to $453.8m (19.1 per cent of GDP) from $597.6m (26.5 per cent of GDP) in 2013. The smaller deficit was mainly attributed to developments in the goods and services sub-accounts. On the goods account, the merchandise trade deficit amounted to $707.0m (29.7 per cent of GDP), down from $773.9m (34.3 per cent of GDP) in 2013, attributable to lower import payments. Payments for merchandise imports (f.o.b) fell by 7.8 per cent, on account of savings on the fuel import bill due to lower international oil prices. Concurrently, the value of merchandise exports (f.o.b) declined by 1.7 per cent attributed to lower export revenue from some manufactured goods including paper products and from nutmeg which experienced a price decline.

Transactions in the services account resulted in an increase of 36.4 per cent to $253.2m (10.6 per cent of GDP) in the net inflows, largely on account of higher travel receipts. On the income account, net outflows rose by 17.1 per cent, largely as a consequence of the central government payments on its external interest obligations.

The surplus on the capital and financial account fell by 24.5 per cent to $515.5m (21.6 per cent of GDP) in 2014, as a result of transaction on the financial account. Net inflows on the financial account fell by 40.0 per cent to $339.2m, mainly associated with a reduction of 64.7 per cent in net direct investment inflows. The level of foreign direct investment bottomed out in 2014, following a spike in 2013 associated with the construction of the Sandals La Source Resort and Spa. Net inflows on the capital account rose by 48.7 per cent, reflective of higher grant inflows.



Prospects

The Grenadian economy is expected to be on a continued path of recovery in 2015, anchored by progress with further implementation of structural reforms under the Programme. Growth in 2015 is likely to be fuelled by strengthened activity in agriculture, tourism and construction. Agricultural production will be supported by a number of public sector initiatives that will be pursued in 2015 including those related to irrigation expansion and fisheries management. Farmers of non-banana crops are likely to benefit further from higher prices and an expansion of the local market. In addition, the commercialization of the government estates is expected to have a positive impact on the output of this sector. These developments are likely to translate into an increase in the volume of exports of agricultural produce.

The improved prospects for tourism are premised on recoveries in the economies of major source markets; increased marketing efforts by the Grenada Tourism Authority; further airlift; and the upgrade of tourism sites.

The government's agenda to create jobs through the construction of major public sector projects will provide a boost to the construction sector. Some of the public sector projects to be undertaken in 2015 include the Grenada House of Parliament; the Agriculture Feeder Road Phase II; Road Rehabilitation and Maintenance Programmes; the Regional Disaster and Vulnerability Reduction Project; and the School Rehabilitation Project. Additionally, if the expectations for the new Citizenship by Investment Programme, as outlined in the 2015 Budget, materialises, then private sector construction activity will strengthen with the commencement of projects including those related to resort development and energy systems. In the rest of the private sector, work is also expected to commence on a marina; Port Louis; and two major hotels, Silver Sands and Riviera.

The inflation outlook is one of lower consumer prices persisting in 2015, amid low international oil prices.

The commitment shown by the authorities to fiscal consolidation bodes well for fiscal prospects in 2015. The overall deficit on the central government's fiscal accounts is projected to narrow in 2015, partly on account of continued revenue gains. The adjustment efforts with current outlays and streamlining of capital expenditure will help to contain prospective growth in total spending, and ultimately improve the overall balance. Improved fiscal performance, in addition to successful ongoing efforts to restructure the public sector debt, will help to ensure that debt is on a sustainable trajectory.

In the external sector, the current account balance is expected to improve, based on the assumption that the value of construction related imports would be offset by increased agricultural exports, a lower fuel import bill, and higher travel receipts. The net inflows on the capital and financial account is projected to increase from higher foreign direct investment inflows as hotel projects come on stream in 2015.

The outlook for the Grenadian economy remains subject to significant downside risks. Some of the major threats to the economy include increases in youth unemployment, unsuccessful strategies to deal with the high debt overhang, and a further loss in the country's competitiveness for doing business. The materialisation of these threats can lead to heightened socio-economic challenges, a loss of confidence and investment in the economy and can delay the economic recovery. Furthermore, inadequate public consensus and support on fiscal consolidation measures and structural reforms can stall the progress with the implementation of the Home-grown Programme and negatively impact growth and fiscal prospects. Other downside risks to the prospects arise from a drastic turnaround in international oil prices that can dampen both external and domestic demand; adverse weather; and a weak global recovery which can reduce tourism demand from major source markets.

MONTSERRAT

Economic activity in Montserrat expanded for a fourth consecutive year, based on estimated real Gross Domestic Product (GDP). Growth in real output is provisionally estimated at 2.8 per cent for 2014, compared with an increase of 2.3 per cent in 2013. The rate of growth in real GDP reflected positive contributions from five key sectors, namely public administration; financial intermediation; hotels and restaurants; mining and quarrying, agriculture, livestock and forestry; and transport, storage and communications. The consumer price index fell by 1.0 per cent, on an end of period basis. The fiscal deficit of the central government contracted largely due to reduced capital expenditure outlays, although total outstanding public sector debt fell. In the banking system total monetary liabilities, domestic credit and net foreign assets increased, amid strong and relatively stable liquidity conditions. The weighted average interest rate spread between loans and deposits narrowed. The overall surplus on the balance of payments shrank on account of a reduction in investments, notwithstanding a decline in the importation of goods.

The outlook for the economy remains positive, as economic activity is expected to expand at a lower but fairly stable rate. Developments in the major contributors to economic activity, namely government services, construction, financial intermediation and tourism, are likely to have positive spill over effects on the performance of allied sectors. Accordingly, there is likely to be an upturn in the performance of the transportation, storage and communications, wholesale and retail trade, agriculture, real estate, fishing and manufacturing sectors.

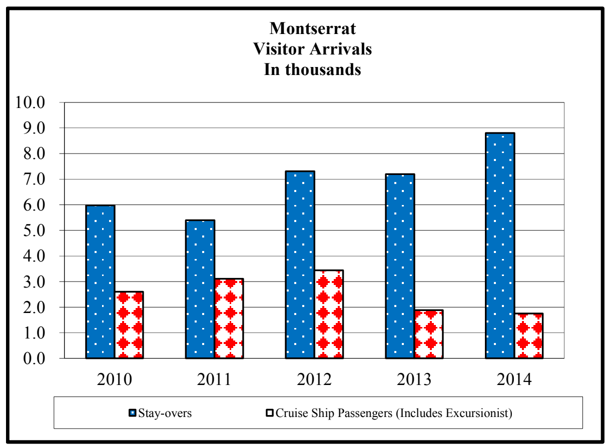
In the construction sector, rehabilitation and reconstruction work on a number of public sector projects are expected to intensify. The pace of development of those projects along with some tourism related private investments will determine the level of buoyancy of economic activity over the short to medium term, as Montserrat works towards attaining a self-sufficient economy by 2020. According to global and regional forecasts, inflation is expected to fall further in the near term, remaining mild and low during 2015, as falls in wholesale energy prices continue to be passed on to consumers.

The improvements in the central government's fiscal balances may persist into 2015 if further increases in current expenditure items (transfers, subsidies and goods and services) are contained alongside sustained levels of budgetary aid from the United Kingdom; which, on average, has financed over two-thirds of total expenditure.

However, limited air and sea access, possible disruptions in the implementation of development projects to restore the island's infrastructure and untimely access to budgetary aid pose significant risks to economic growth prospects. Moreover, threats posed by hurricanes and volcano related risks, which may be approaching its lowest levels since the eruption started nineteen years ago, remain major concerns.

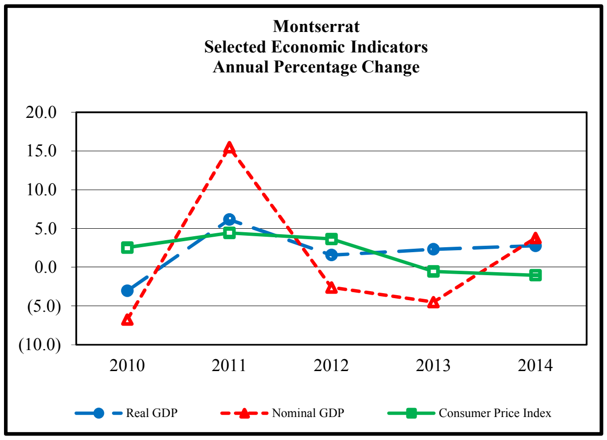
Output

The estimated value of total goods and services produced in 2014 increased by 2.8 per cent, largely attributable to heightened economic activity in the main service sectors of the economy. Value added in public administration, defence and compulsory social security sector, which contributes over one-third to GDP increased by 6.0 per cent accelerating above the prior year's growth of 3.7 per cent. This was partly owing to an upturn in expenditure on personal emoluments (2.3 per cent) as the government continues to be the largest employer and main driver of economic activity. Financial intermediation, which accounts for 10.0 per cent of total output, boosted economic activity by 2.8 per cent, consistent with the expansion in credit extended to the private sector.



The estimated value added in the hotels and restaurants sector increased by 21.0 per cent, following an expansion of 8.7 per cent in the prior year. This development was associated with strong growth in estimated total visitor expenditure of 21.1 per cent to $22.2m.

Total visitors arrivals rose by 16.2 per cent to 12,150, rebounding from a downturn in total arrivals of 13.7 per cent in 2013. The number of visitors from all categories increased contributing to the improved performance in the tourism industry; underpinned by improved access to the island, a revamp in marketing and promotional efforts, and improved economic conditions in major source markets. Stay-over visitors accounted for approximately 72.0 per cent of the sector's outturn, increasing by 22.3 per cent to 8,804. This upturn resulted from growth in visitors from the Caribbean (36.2 per cent); Canada (31.4 per cent); the United Kingdom (18.8 per cent); and the United States (15.0 per cent). Additionally, the number of excursionists rose by 15.0 per cent to 1,749, in contrast to a 41.7 per cent fall in 2013. The number of visitors who arrived by yacht grew by 16.0 per cent to 1,597, on account of a 6.4 per cent rise in the number of yachts visiting the island. Value added for tourism-related services also increased, namely in the transportation and storage (12.2 per cent); and real estate, renting and business activities (1.1 per cent) sectors.



Developments in the primary sectors contributed positively to higher level of economic activity in 2014. Output is estimated to have accelerated in sectors, such as; mining and quarrying (82.2 per cent); agriculture, livestock and forestry (14.1 per cent); and fishing (0.5 per cent), which jointly contributed to 2.3 per cent of GDP. Preliminary data suggests that revenue earned from the export of crude materials and inedible except fuels increased by $2.0m partly associated with an upturn in mining and quarrying activities to meet external demand. The outturn in the agricultural sector was influenced by a 47.3 per cent increase in the volume of livestock production due to the operations of a newly constructed abattoir, while preliminary data estimated a fall of 6.4 per cent in crop production. Although manufacturing activity is estimated to have declined by 2.5 per cent, the sector contributed to foreign exchange earnings from the export of new beverage and tobacco products.

The overall growth in real output was moderated by an estimated 13.0 per cent contraction in value added in the construction sector, in contrast to an upturn of 9.9 per cent in 2013. The fall in output was attributable to a decline in both public and private sector activity. There was a slowdown in the implementation rate of several public sector investment projects, namely the hospital, the new port and town centre development projects. The deceleration in public sector activity was further evidenced by a 42.6 per cent ($31.3m) contraction in capital expenditure to $42.2m. This was also partly owing to the completion of a few major infrastructural projects, namely the sports centre and the initial phases of the geothermal exploration, power generation and port development project. Output is also estimated to have declined in manufacturing (2.5 per cent) and value added by wholesale and retail trade (2.0 per cent), predicated on lower import levels. Other sectors which recorded declines include electricity and water (13.6 per cent), and health and social work (1.4 per cent).

Prices, Wages and Employment

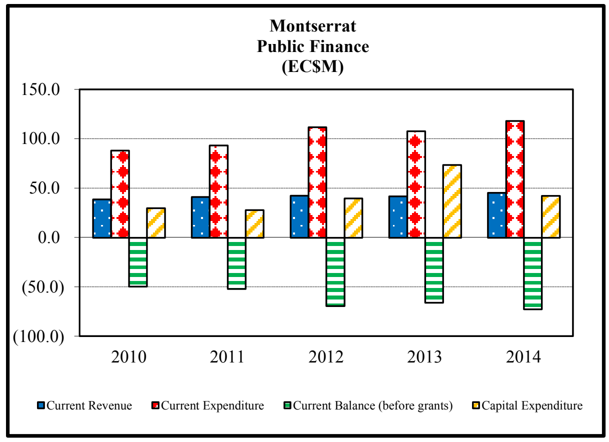
The rate of inflation fell by 1.0 per cent, on an end of period basis, as the consumer price index registered its fourth consecutive annual decline. The rate of deceleration in the price level during 2014 surpassed the 0.5 per cent fall in prices during 2013. This outturn was largely associated with a 1.8 per cent fall in the food and beverages sub-index, the largest weighted commodity in the basket of goods and services. The overall fall in prices was also reflective of downward movements in the gas, electricity and water (2.6 per cent), services (2.1 per cent) and household goods (0.3 per cent) sub-indices. However, the decline in the general price level was tempered by increases in the sub-indices for alcohol and tobacco (3.6 per cent) and clothing (1.0 per cent). Wage levels continue to remain relatively stable following the 2006 suspension on increments in the public service.

Survey based labour market conditions data were unavailable for the period under review, however information from the Social

Security provided useful proxy metrics to gauge developments. Preliminary data indicated that the number of persons employed increased by 5.0 per cent to 2017, representing 41.0 per cent of the population. The number of self-employed persons increased to 298 resulting from the start of 20 new operations. On a sectorial basis, employment improved mainly due to construction related activities, related to engineering, architectural and consultancy services, building, housing and cleaning activities, retail and hardware services. On-going road rehabilitation projects were primarily outsourced to the private sector which led to a spur in part time workers and self-employed persons.

Central Government Fiscal Operations

The fiscal accounts of the central government improved in 2014 relative to 2013, predicated on lower capital outlays alongside a marginal increase in current revenue. The overall balance (after grants) recorded a deficit of $9.8m (5.8 per cent of GDP) compared with a deficit of $27.3m (16.8 per cent of GDP) in the prior year. Consequently, the primary balance after grants registered a deficit of $9.8m, compared with $27.3m in 2013. The current account recorded a lower deficit of $2.8m (1.6 per cent of GDP), compared to the deficit of $34.9m (21.5 per cent of GDP) in 2013. This development was reflective of an increase in current revenue (tax and external grant receipts), despite an estimated upturn in current expenditure.



Current revenue increased by 8.6 per cent to $45.3m, largely on account of increases in tax revenue, which rose by 13.3 per cent to $40.5m, reflecting upturns from import duty and consumption tax. In particular, tax receipts on international trade and transactions totalled $18.0m, which contributed almost 45.0 per cent of total tax revenue. This outturn was driven by an 11.2 per cent increase in consumption tax earnings totalling $11.1m. The implementation of a tax arrears reduction plan contributed to the increase in revenue collections from corporation tax, which rose by 47.9 per cent to $3.6m. Tax receipts on domestic goods and services grew by $1.2m, largely attributable to a 45.9 per cent ($1.1m) increase in revenue from licences and stamp duties, following an upward revision of rates in 2013. The increase in tax receipts were partly offset by lower intakes on property tax ($0.8m).

Current expenditure increased by 9.4 per cent to $117.9m, primarily due to higher spending on all key expenditure items. Spending on goods and services accounted for 36.0 per cent of current expenditure outlays as it totalled $29.4m, accelerating by 11.9 per cent. Other factors contributing to this development included increased expenditure on transfer and subsidies (15.2 per cent) and goods and services (11.9 per cent). The upturn in transfers and subsidies was driven by 31.2 per cent growth in pension outlays ($15.1m) as more persons became eligible for retirement benefits during 2014. This resulted from the transfer of all full-time non-established workers to permanent and pensionable establishment.

Current grants receipts more than doubled to $69.8m compared with lower inflows of $31.2m in 2013, due to increased external financial support for recurrent expenditure from the United Kingdom. However, total grant receipts declined to $105.0m (6.5 per cent), as capital grants fell by more than 50.0 per cent to $35.2m in 2014. These inflows funded approximately 67.0 per cent of total government expenditure.

Capital expenditure fell by 42.6 per cent to $42.2m in 2014, compared with $73.5m in the prior year. This development spurred directly from lower capital grant flows, which financed approximately 83.0 per cent of capital. Additionally, delays in the implementation and continuance of various public sector infrastructural projects impacted the timeliness of disbursements.

Public Sector Debt

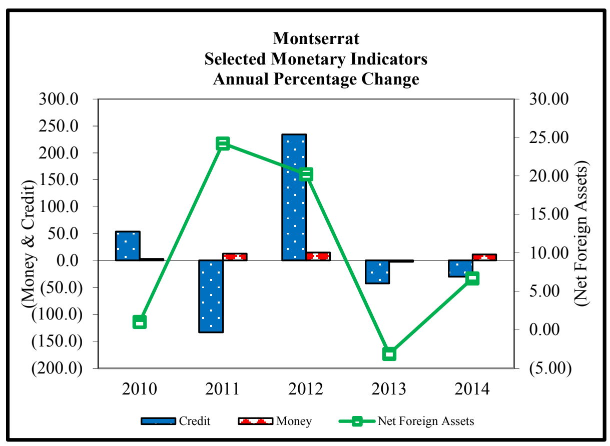
The stock of public sector debt outstanding stood at $6.3m at the end of 2014, representing a decline of 8.3 per cent from the amount ($6.8) held at the end of December 2013. The resulting debt to GDP ratio (3.7 per cent) remained below the target rate of 10.0 per cent; also well below the

Monetary Council's target of 60.0 per cent. Public corporation debt, which accounted for 77.0 per cent of total debt, registered a decline of 7.4 per cent to $4.8m. Debt held by the central government stood at $1.4m, an 18.0 per cent reduction, due to amortized payments and the total repayment of the domestic debt.

Money and Credit

In the banking system, monetary liabilities (M2) increased by 11.1 per cent to $239.2m during 2014, compared with a reduction of 2.5 per cent during 2013. This outturn was due to a 20.0 per cent growth in quasi money which totalled $194.1m. Within this category, private sector savings deposits grew by 17.4 per cent ($20.8m) and time deposits increased by 36.5 per cent ($12.3m). The expansion of M2 was partly tempered by a 15.9 per cent decrease in narrow money (M1) to $45.1m, which was mainly attributable to a 24.3 per cent ($8.5m) reduction in private sector demand deposits.

An analysis of credit distribution within the ECCU indicates that Montserrat was the only member state within the Currency Union with a net deposit position, highlighting the limited availability of viable investment alternatives faced by banks. The net deposit position of commercial banks narrowed to $6.8m at the end of 2014, compared with a position of $9.7m in 2013. This resulted from an increase in drawdowns by the central government of $3.9m. The net deposit position of non-financial public enterprises increased marginally to $21.1m from $19.9m at the end of 2013. Private sector borrowing increased by 0.4 per cent, largely associated with 2.3 per cent growth in credit to households to $59.7m. However, business credit declined (12.7 per cent) to $7.4m, tapering the expansion in private sector borrowing.



Personal loans, which accounted for an estimated 83.8 per cent of credit outstanding, rose by 2.4 per cent to $61.5m. This was reflected in increased lending of $1.1m for home construction and renovation to $34.2m. There were increases in lending for manufacturing, mining and quarrying (6.5 per cent); construction (17.7 per cent); and other service sectors (19.7 per cent). However, credit extended for house and land purchase fell to $17.2m, compared with $19.2m in 2013. Other sectors registering declines included distributive trades ($1.4m) and tourism ($0.1m), consistent with a decline in the procurement of merchandise, and the deceleration of economic activity in the wholesale and retail trade sector.

The Net Foreign Asset (NFA) in the banking system grew by 6.7 per cent to $288.1m. This was largely attributable to 11.3 per cent growth in the imputed share of reserves held with the Central Bank which totalled $121.8m for the period under review. The NFA of commercial banks increased by 3.5 per cent to $166.3m, as assets held in other ECCU territories increased (10.2 per cent), while assets held with institutions outside the currency union fell (1.8 per cent).

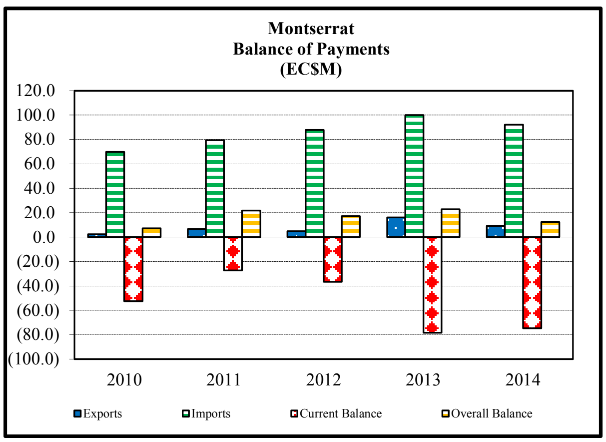
Liquidity in the banking system remained fairly stable during 2014. The ratio of liquid assets to total deposits and liquid liabilities was 86.8 per cent, above its five-year average of 86.7 per cent. The liquidity indicator continues to trend above the minimum prudential benchmark of 25.0 per cent indicative of a lack of bankable projects. The surplus liquidity condition is further evidenced by a ratio of loans and advances to total deposit of 23.2 per cent at the end of the review period, below the prudential requirement of 75.0 to 85.0 per cent.

The interest rate spread between loans and deposits narrowed to 6.11 per cent in 2014 from 6.19 per cent at the end of 2013. The weighted average lending rate increased to 8.05 per cent from 8.02 per cent, and the weighted average deposit rate moved from 1.83 per cent in 2013 to 1.95 per cent in 2014.

Balance of Payments

Preliminary estimates show that the overall surplus on the balance of payments account narrowed by almost 50.0 per cent to $12.4m (7.3 per cent of GDP) from $22.8m (14.0 per cent of GDP) in 2013, on account of developments in commercial bank activity.

The net surplus on the capital and financial account decreased to $87.0m (51.8 per cent of GDP) compared with $101.1m (62.2 per cent of GDP) realized in the previous year. This outturn was primarily associated with a net outflow of $5.6m by commercial banks in contrast to a net inflow of $31.5m in 2013. Other sources of financing for balance of payments activities were generated from a $7.1m upturn in net foreign direct investments which amounted to $17.2m, supported by a relatively stable level of capital transfers exceeding $60.0m for a third consecutive period.



The size of the deficit on the current account is estimated to have narrowed to $74.6m (42.6 per cent of GDP) compared to $78.3m (48.2 per cent) in 2013, reflecting a 7.9 per cent decline in imports. This improvement was related to lower deficits on the goods and services sub-accounts and a relatively steady inflow of current transfers ($61.2m) to finance central government expenditure. The net import position on the goods account narrowed in 2014 by 1.2 per cent to $83.5m, mirroring the rate of decline in the merchandise trade account which totalled $82.9m (48.7 per cent of GDP). These improvements outweighed the reductions in exports and re-exports of manufactured goods and machinery and transport equipment, which resulted from the slowdown of construction activity. The net import position on the services account fell by 2.7 per cent to $39.9m, due to a 34.9 per cent rise in gross revenue from travel receipts representative of the upturn in tourism activity. Revenue intake from travel of $22.2m accounted for 56.0 per cent of inflows on the services sub-account. This outturn mitigated the expansion in external payments for other business services primarily associated with management and consultancy costs.

Prospects

The economy of Montserrat is projected to grow at a slower pace in 2015 as the performance of key economic drivers is expected to be mixed. This will not bode well for the island's development needs and strategy as outlined in the sustainable development plan (2008-2020), which provides for a required annual growth rate of at least 6.0 per cent per annum. However, the economy shows strong signs of resiliency based on a stable and positive outlook for growth, strongly contingent upon continued budgetary and institutional support. Accordingly, government services and construction are expected to continue to dominate economic activity, restoring key infrastructure to facilitate and attract private sector investments.

The on-going public infrastructural and redevelopment projects, namely the construction of the new port and town centre, are likely to lead to a recovery in the construction sector and promote economic growth, barring delays in implementation and access to external financial support. The improvements in the tourism industry are also likely to be sustained, underpinned by an increase in visitor arrivals and gross travel receipts fuelled by the re-introduction of cruise tourism and enhanced access and marketing. These developments will positively contribute to improvements in the distributive trades and services industries and primary sectors.

The persistent decline in the overall price level may extend into 2015, as inflationary pressures from the international market are likely to remain broadly stable amid falling energy prices. Accordingly, it is anticipated that the merchandise trade deficit will continue to contract due to the prospect of a deceleration in external outflows.

The revenue generated from tax collections, licensing and fees is expected to remain stable. Improvements in the overall fiscal position will be predominantly contingent upon the availability of external aid (grants) to finance both current and capital expenditure items. The United Kingdom faces a stable and positive outlook for growth in 2015. This augurs fairly well for sustained levels of budgetary aid and grants, despite the possible change in administration in May 2015.

The economic performance of Montserrat in 2015 is largely dependent on the availability and timeliness of budgetary aid, positive developments in the global macro-economic environment, and a lower incidence of threats from natural disasters. The downside risks associated with these factors can have an adverse impact on fiscal outturns, employment generation, planned projects to revamp the productive sectors (mining and quarrying and agriculture) and improve the island's tourism product, private sector initiatives, as well as the prospect of restoring growth to pre-volcanic crisis levels by 2020.

ST KITTS AND NEVIS

Overview

Preliminary data suggest that economic activity in St Kitts and Nevis expanded further in 2014 following a recovery in 2013. Real GDP is estimated to have risen by 5.4 per cent in 2014 compared with an expansion of 3.8 per cent in the previous year. The strengthening in economic performance was attributable to positive value added contributions from the construction and hotels and restaurants sectors with associated spill-over effects on the wholesale and retail, transport, storage and communications and financial intermediation sectors. Consumer prices accelerated at a rate of 2.0 per cent, on an end of period basis. The fiscal operations of the Federal Government resulted in a narrowing in the overall surplus, mirroring a decline in grant receipts, while the total outstanding public sector debt of the Federal Government fell during the period under review. In the banking system, monetary liabilities and net foreign assets increased, while domestic credit fell. Commercial bank liquidity rose and the weighted average interest rate spread between loans and deposits widened. In the external sector, a smaller overall surplus was recorded, on account of a lower surplus on the capital and financial account combined with a larger deficit on the current account.

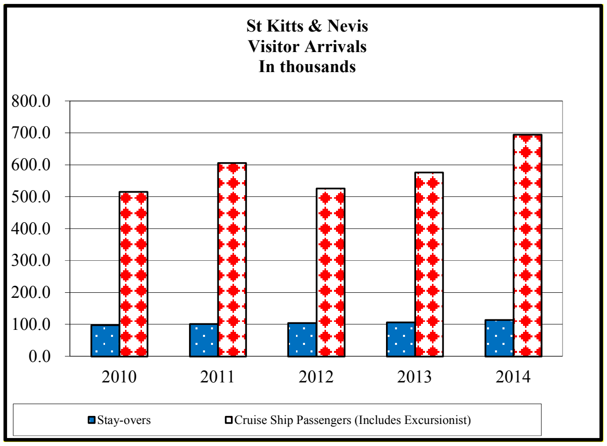
The economy of St Kitts and Nevis is expected to expand in 2015 albeit at a decelerated pace. This assessment is based on the continued value added from the construction and hotels and restaurants sectors coupled with further improvements in manufacturing activity. Continued buoyancy in construction activity is likely to be driven by increased investment in both the public and private sectors. Ongoing expansion in the room stock will support a higher number of stay-over visitors, thereby fuelling increase activity in the tourism industry. Additionally, the performance of the tourism industry will greatly reflect significant increases in cruise tourism. Manufacturing is expected to be favourably impacted by sustained demand in the expanding USA market, combined with efforts to access new markets in Brazil through the Partial Scope Agreement. Developments in those major productive sectors are likely to have positive spill-over effects on the real estate, renting and business activities; transportation storage and communications; financial intermediation and the wholesale and retail trade sectors. Inflationary pressures are anticipated to increase consistent with buoyant economic activity. However, this may be moderated somewhat by recent declines in commodity prices.

The fiscal operations of the Federal Government are anticipated to record a lower overall surplus due to a moderation in revenue receipts from the Citizenship by Investment (CBI) Program as competition from other jurisdictions intensifies. Overall, revenue is estimated to increase, however at a slower pace relative to rising expenditure levels, fuelled by a combination of higher capital investment and current expenditure.

Possible downside risks to this outlook include a deceleration in economic growth in the USA economy, and lower inflows from the Citizenship by Investment Program.

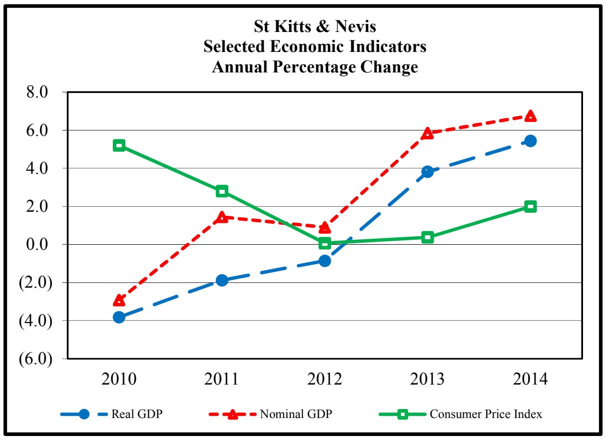
Output

Value added in the construction sector, is estimated to have risen by 7.6 per cent in 2014 compared with a 12.2 per cent expansion in 2013. The performance of construction was on account of an increase in private sector capital investment, partly moderated by a decline in outlays of capital investment in the public sector. The generally robust pace of construction activity was supported by a 92.1 per cent increase in the volume of imported construction related materials, a proxy for developments in the sector. In the private sector, work advanced on the Park Hyatt Hotel and Imperial Bay Resort, while site works on the Pelican Bay Resort and Pirate's Nest hotel/condominium resort were undertaken during the period under review. Completion work was undertaken on the first phase of the Kittitian Hill Resort which received its first guests during a soft-opening on 1 December 2014. Likewise in Nevis, work intensified on the Four Seasons Resort Estates, the Mount Nevis Hotel expansion and Tamarind Cove Development. In the public sector, capital outlays fell by 9.4 per cent over the review period associated with the completion of some major infrastructural projects and the delay in the implementation of some projects during the year. A major infrastructural project completed during the year was the Frigate Bay roundabout, while in Nevis, work advanced on the Caribbean Development Bank funded water project.



Value added in the hotels and restaurants sector, a proxy for activity in the tourism industry, is estimated to have accelerated to 4.3 per cent compared with growth of 3.6 per cent in 2013. This development was attributable to an 18.5 per cent increase to 818,243 in total visitors, compared with an 8.7 per cent improvement in the previous year. The number of stay-over visitors rose by 7.1 per cent to 114,514 in 2014, outpacing the 2.6 per cent increase observed in 2013. Higher stay-over arrivals were attributed to positive growth from all of the major source markets; the United States of America (2.2 percent), the United Kingdom (9.4 per cent) and the Caribbean (13.5 per cent) respectively. These improved performances reflected sustained strengthening of economic conditions in the USA and recovery in the UK and Caribbean markets. An increase of 20.0 per cent (1,444) in visitors from the Canadian market also contributed to the rise in the number of stay-over visitors. Further evidence of growth in the sector included a 20.7 per cent increase in cruise passenger arrivals to 694,681 compared with a 9.4 per cent increase in 2013; and was consistent with a 23.7 per cent (71) rise in the number of cruise ship calls at ports in St Kitts and Nevis. The number of passengers visiting by yacht rose by 30.7 per cent to 5,319, while the number of excursionists declined by 5.9 per cent to 3,729.

Activity is estimated to have increased in other key sectors of the economy, such as transport, storage and communications (7.3 per cent) and real estate renting and business activities (3.3 per cent), consistent with the increase in visitor arrivals and higher level of construction activity. Increased valued added is also estimated for financial intermediation and in public administration, defence and compulsory social security of 5.3 per cent and 6.9 per cent respectively. Manufacturing output is estimated to have risen (4.2 per cent), evidenced by a 50.8 per cent increase in the export of alcoholic beverages, leading to further expansion in real sector activity.



Positive developments in the real sector, however, were moderated somewhat by lower output in the agriculture, livestock and forestry sector. Value added in that sector contracted by 2.2 per cent, on account of a decline in crops, moderated somewhat by an increase in livestock production. Total crop production decreased by 19.3 per cent to 1.1m kilograms, due to lower production of watermelons (62.5 per cent), sweet potato (45.8 per cent), carrots (47.1 per cent) and pineapples (31.7 per cent). In contrast livestock production rose, with the output of pork, beef and goat meat estimated to have risen by 34.6 per cent, 9.7 per cent and 36.2 per cent respectively. Those increases were tempered by declines in the output of mutton (9.6 per cent), eggs (17.3 per cent) and fish (1.5 per cent).

Prices, Wages and Employment

Inflationary pressures increased during 2014 as the consumer price index (CPI) rose by 2.0 per cent compared with an increase of 0.4 per cent in 2013. The largest contributors to this development were the increases in the transport (6.3 per cent), alcoholic beverages, tobacco and narcotics (4.8 per cent), clothing and footwear (2.9 per cent) and health (4.4 per cent) sub-indices. The other significant contributor to upward price pressures was the education sub-index which increased by 1.0 per cent. Higher prices generally were consistent with buoyancy in real sector activity contributing to increased demand for goods and services. Of the sub-components that recorded increases, the rise in the education sub-index was attributable to higher tuition fees at universities and pre-schools. The increase in the overall CPI was mitigated primarily by a 4.2 per cent decline in prices paid for food and non-alcoholic beverages, the largest-weighted sub-component. Declines were also registered for the recreation and culture and hotels and restaurants sub-indices of 1.4 per cent and 0.7 per cent, respectively.

Official data on wages and unemployment levels are unavailable for the review period. However, it is estimated that the labour market was positively impacted by employment programmes such as the People's Employment Programme (PEP) and the awarding of an additional month's salary in December 2014; along with the implementation of a 4.0 per cent salary increase in January of the same year. Unemployment levels are, therefore, estimated to have declined in 2014 compared with the previous year.

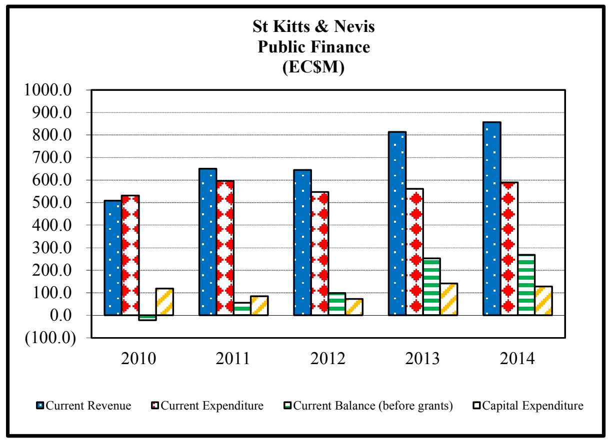
Federal Government Fiscal Operations

The fiscal operations of the Federal Government resulted in an overall surplus (after grants) of $227.8m, (10.1 per cent of GDP) compared with one of $281.6m (13.5 per cent of GDP) in 2013. Likewise, the primary surplus contracted by 5.6 per cent to $299.9m (13.3 per cent of GDP), compared with one of $362.7m (17.4 per cent of GDP) in 2013. The lower overall fiscal surplus was attributable to a reduction in total grant receipts.

Current revenue rose by 5.4 per cent to $856.2m in 2014 (38.0 per cent of GDP), compared to a 26.1 per cent increase in 2013. This performance was influenced by increased collections of tax revenue, which rose by 12.4 per cent to $473.5m (21.0 per cent of GDP). Higher receipts from all of the major tax categories, namely domestic goods and services (10.0 per cent); international trade and transactions (17.4 per cent); income and profits (13.1 per cent); and property (6.8 per cent) contributed to this development. Collections of taxes on domestic goods and services rose, largely due to an increase in receipts from value added tax (VAT) and stamp duty. Revenues from VAT totalled $162.0m (7.2 per cent of GDP) an increase of 9.3 per cent over the amount collected in 2013. Improved collections of taxes on international trade reflected higher receipts of import duty, excise tax and custom service charge. Higher receipts of taxes on income and profits were attributable to improved collections from companies and the Social Service Levy of 23.6 per cent and 16.1 per cent, respectively. The increase in tax revenue was tempered by a decline of 2.2 per cent in non-tax receipts to $382.8m. Receipts of non-tax revenue largely reflect proceeds from the Citizenship by Investment (CBI) Programme which increased by 6.9 per cent compared with a 96.4 per cent increase the previous year. Higher revenues from the CBI programme, however, was offset by a reduction in other non-tax revenue attributable to a decline in investment proceeds, compared with collections in 2013. Capital and current grant inflows fell by 52.9 per cent to $48.4m and 85.3 per cent to $6.6m, respectively.

Current expenditure rose by 5.0 per cent to $588.8m (26.2 per cent of GDP) compared with an increase of 2.6 per cent in 2013. The major contributing factors to this development were a 42.9 per cent ($36.0m) increase in transfers and subsidies to local and international institutions and a 4.5 per cent ($10.7m) rise in spending on personal emoluments. The increase in current expenditure was moderated by decreases in interest payments and outlays on goods and services. Interest payments fell by 11.1 per cent to $72.1m, attributable to lower domestic interest payments, consistent with the restructuring of domestic debt. Expenditure on goods and services declined by 6.0 per cent in contrast to an increase of 22.8 per cent incurred in the previous year.

Capital expenditure outlays fell by 9.4 per cent to $127.7m attributable to delays in the implementation of some projects and the completion of a major road enhancement project. Ongoing projects include road works in St Kitts and a water distribution project in Nevis.



On a disaggregated basis, the overall surplus of the central government of St Kitts narrowed to $240.4m from a balance of $276.8m in 2013, reflecting a decline in grant receipts.

Recurrent revenues rose by 5.8 per cent to $732.7m, mainly due to higher collections of proceeds from taxes. Tax revenues were higher by 12.4 per cent totalling $473.5m, on account of the improved performances of all the major tax categories. Revenues from taxes on domestic goods and services rose, increasing by 12.4 per cent ($20.3m) mainly due to higher receipts from the VAT which increased by 9.3 per cent ($15.2m) to $162.0m, and stamp duties ($4.1m). Consistent with positive growth in imports, receipts from taxes on international trade and transactions rose by 21.0 per cent ($17.8m), reflecting increases in collections from customs and excise duties ($6.7m), import duties ($6.0m) and customs service charge ($4.7m). Receipts from taxes on income and profits rose by 13.5 per cent to $80.3m, due to higher collections of corporate and personal income tax (social service levy).

By way of contrast, non-tax revenue receipts fell by 2.3 per cent to $352.2m, moderating somewhat the overall increase in current revenue. Lower non-tax receipts were influenced primarily by a 58.9 per cent decline in other non-tax revenue which represents investment proceeds.

Current expenditure increased by 3.6 per cent to $462.7m in 2014, mirroring the rate of growth in expenditure in 2013. This development was largely influenced by a 47.3 per cent ($34.4m) growth in spending on transfers and subsidies associated with higher payments to overseas missions. The increase in current expenditure was also driven by higher outlays on personal emoluments and wages (3.4 per cent), while declines in expenditure on goods and services (12.1 per cent), and interest payments (12.8 per cent), associated with the ongoing restructuring of the public debt, acted as moderating forces. Capital expenditure fell to $113.7m, compared with outlays of $131.2m in 2013, as a number of major infrastructural projects wound down.

The fiscal operations of the Nevis Island Administration (NIA) recorded an overall deficit of $12.6m in 2014, in contrast to an overall surplus of $4.9m recorded in 2013. This fiscal outturn was the result of an increase in current and capital expenditure coupled with a decline in grant receipts. Current expenditure rose by 10.7 per cent to $126.1m in contrast to a 1.2 per cent reduction in 2013. The increase in current expenditure was attributable to higher outlays for goods and services (25.2 per cent), personal emoluments and wages (8.0 per cent), and transfers and subsidies, and (14.6 per cent. However, the increase in current expenditure was moderated by reductions on interest payments of 4.7 per cent. Capital expenditure rose by

41.9 per cent to $14.0m, compared with $9.9m spent in 2013, attributable to increased outlays on the CDB funded water drilling project.

Current revenue receipts amounted to $123.5m in 2014, a 2.7 per cent increase when compared with total collections in the previous year. The improvement in current revenue collections reflected favourable developments in tax revenue as non-tax receipts fell. Tax revenues were 4.1 per cent higher, buoyed by increased collections from all the major categories, including: taxes on domestic goods and services (2.7 per cent), income and profits (10.2 per cent), international trade (4.3 per cent) and property (6.2 per cent). By contrast, the sub-component of non-tax revenue decreased by 1.6 per cent ($0.5m) to $30.5m. Grant receipts also fell to $4.0m from $8.3m in 2013.

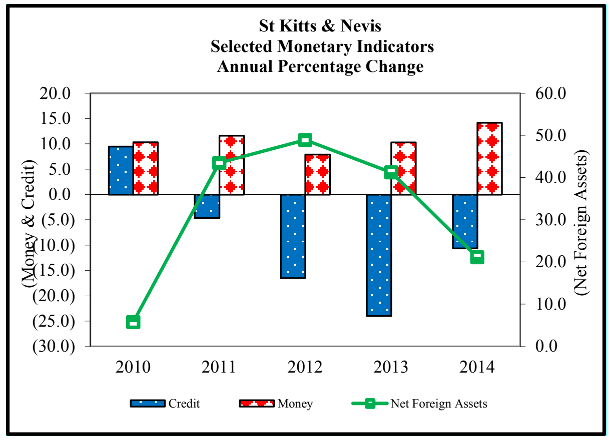
Public Sector Debt

The total disbursed and outstanding public sector debt declined by 17.8 per cent to $1,755.2m (78.0 per cent of GDP) at the end of 2014, compared with a decline of 21.7 per cent in 2013. A debt to GDP ratio of 102.1 per cent was recorded. The outstanding debt of the central government, which accounted for 84.6 per cent of total debt, fell by 10.3 per cent to $1,484.7m. The stock of debt held by public sector corporations also declined, falling by 43.6 per cent to $270.5m. Domestic debt declined the most, contracting by 22.3 per cent to $988.2m, which represented 56.3 per cent of public sector debt at the end of 2014. Lower domestic debt largely reflected the effects of debt restructuring through a debt-for-land swap, as well as initiatives to lower the face value of existing debt, and to extend the maturity period. Total external debt which accounted for 43.7 per cent of the total debt outstanding also contracted, by 11.2 per cent to $767.0m.

Money and Credit

Monetary liabilities (M2) rose by 14.2 per cent to $2,955.1m, compared with an increase of 10.3 per cent in 2013. The increase in the monetary base reflected increases in both quasi money by 14.8 per cent ($305.6m) to $2,373.0m and narrow money (M1) by 11.7 per cent ($61.0m) to $582.1m. Quasi money rose on account of increases in private sector foreign currency deposits (38.8 per cent) and private sector savings deposits (9.8 per cent). The expansion in M1 was influenced primarily by higher levels of private sector demand deposits and currency with the public of 9.5 per cent and 16.2 per cent respectively.

Domestic credit declined by 10.6 per cent to $1,012.6m, compared with a decrease of 24.0 per cent in 2013, largely attributable to a higher net deposit position of non-financial public enterprises (NFPE's) and the general government. The net deposit position of NFPEs rose by 34.4 per cent to $854.1m, fuelled by both an 81.2 per cent ($160.9m) decline in outstanding credit to NFPEs and a 7.0 per cent increase ($58.0m) in deposits held at commercial banks. The decline in domestic credit was also reflective of a 73.0 per cent ($140.8m) rise in the net deposit position of the general government to $333.8m, largely driven by a 32.6 per cent ($133.7m) increase in deposits in the commercial banking system. The net deposit position of the central government rose by 28.7 per cent, attributable to higher commercial bank deposits (32.6 per cent). However, the Nevis Island Administration (NIA) registered a lower net credit position (13.7 per cent) as the authorities reduced borrowing. The decline in domestic credit was partly tempered by a 12.2 per cent ($239.2m) increase in lending to the private sector during 2014. This development was largely influenced by an increase in net investments in subsidiaries and affiliates (38.0 per cent) and higher credit to businesses (11.9 per cent).



An analysis of the distribution of credit by economic activity indicates that declines were recorded in lending mainly to construction (22.3 per cent), manufacturing, mining and quarrying (41.4 per cent), personal (0.1 per cent) and other services (28.2 per cent). Among the personal loans extended, reductions were recorded in credit for the acquisition of property and durable consumer goods of 2.4 per cent and 2.0 per cent, respectively. Lower outstanding credit to those segments of the loan portfolio was partially tempered by increased lending to the tourism (71.3 per cent), distributive trades (12.1 per cent) and agriculture and fisheries (17.3 per cent) sectors.

Net foreign assets of the banking system, grew by 21.1 per cent ($411.5m) to $2,357.4m in 2014, compared with growth of 41.3 per cent ($568.34m) in the previous year. The increase was largely due to a 29.2 per cent expansion in commercial banks' net foreign asset position to $1,497.7m, attributable to an accumulation of assets held with institutions outside of the ECCU. The increase in the net foreign assets of the banking system was also supported by a 9.3 per cent rise in St Kitts and Nevis's imputed share of the Central Bank's reserves to $859.7m.

Liquidity in the commercial banking system expanded in the period under review. The ratio of loans and advances to total deposits fell by 7.2 percentage points to 35.8 per cent, while the ratio of liquid assets to total deposits rose by 2.0 percentage points to 75.9 per cent. Further evidence of the improvement in liquidity conditions included the increase in the ratio of liquid assets to total deposits plus liquid liabilities which rose by 0.3 percentage point to 62.6 per cent.

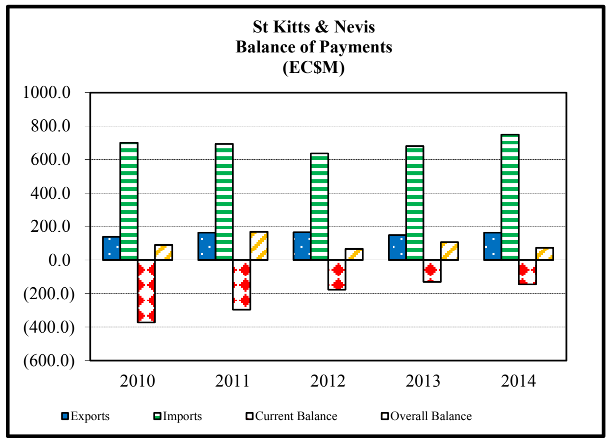
The weighted average interest rate spread between loans and deposits widened to 6.13 percentage points in 2014, from 5.80 percentage points at the end of 2013. This outturn was the result of a faster decline in the weighted average deposit rate of 0.51 percentage point to 2.49 per cent, compared with a decline of 0.19 percentage point in the weighted average lending rates to 8.62 per cent.

Balance of Payments

The overall surplus position on the balance of payments is estimated to have narrowed to $73.2m (3.3 per cent of GDP) in 2014 compared with $107.1m (5.1 per cent of GDP) in 2013, influenced by developments on both the current account and the capital and financial account.

The current account deficit widened to $146.0m (6.5 per cent of GDP) from one of $129.8m (6.2 per cent of GDP) in 2013. This development can be attributed to developments primarily on the goods account. The larger deficit on the goods account was influenced by a widening of the merchandise trade deficit to $574.2m (25.5 per cent of GDP) on account of higher import payments. Higher import payments (6.8 per cent) were consistent with robust economic activity, which were partially offset by a 2.1 per cent recovery in export earnings attributable to increases in the output of beverages. The expansion in the deficit on the goods account was partially offset by a larger surplus on the services account, which rose by 9.0 per cent to $368.1m (16.4 per cent of GDP) in 2014. The larger surplus on the services account was primarily attributable to an increase in net inflows from travel services ($258.0m). Net inflows associated with government services increased to $275.7m (12.3 per cent of GDP) which reflected the continued strong performances of the citizenship by investment program in 2014.

The surplus on the capital and financial account declined by 7.5 per cent to $219.2m in 2014, largely influenced by developments on the financial account. Transactions on the financial account led to a 13.7 per cent fall ($50.3m) in net inflows of Foreign Direct Investment (FDI) to $317.4m (14.1 per cent of GDP). Lower FDI inflows combined with outflows of $52.0m in portfolio investment contributed to higher net outflows of $109.5m (4.9 per cent of GDP) on the financial account. The deficit on the financial account was partially constrained by the activities of commercial banks whose external asset position fell (26.6 per cent) which resulted in a net outflow of $338.3m compared with one of $461.2m in 2013.



Prospects

The economy of St Kitts and Nevis is expected to expand in 2015, buoyed by accelerated economic growth in the USA, underpinned by lower petroleum prices. In particular, the economy of the USA, the Federation's largest trading partner, is estimated to expand by 3.6 per cent in 2015 compared with 2.4 per cent growth in 2014. In the January 2015 update of the

International Monetary Fund's World Economic Outlook (WEO), global economic growth is estimated at 3.5 per cent, a slight deceleration from the previous estimate of 3.8 per cent in October 2014. Notwithstanding, the downward revision to global growth, the performance of the domestic economy, hinged largely on the performance of the USA, will be fuelled largely by sustained activity in the construction sector, resurgence in the tourism industry, reflecting improvements in visitor markets combined with an increase in the number and quality of the room stock. The number of tourists is projected to increase based on higher stay-over and cruise passenger arrivals. These developments are expected to positively impact the wholesale and retail trade, transport, storage and communications and real estate, renting and business activities sectors. Inflationary pressures are anticipated to persist in line with robust real sector activity, however, the advance in prices overall, will be moderated somewhat by lower energy costs.

The fiscal operations of the Federal Government are expected to generate a lower overall surplus in 2015 based on an anticipated increase in current and capital expenditure. Tax revenue is estimated to increase, on account of sustained economic activity, largely associated with buoyant revenue receipts from taxes on international trade and transactions and on domestic goods and services. Higher non-tax revenues are premised on the continued performance of the CBI program. Total current expenditure is estimated to increase, based on higher transfers and increases in outlays for goods and services. However, the major influence on total public expenditure is estimated to be capital expenditure. Higher capital expenditure combined with lower capital grant receipts will contribute to the narrowing in the overall surplus.

The merchandise trade deficit is anticipated to widen consistent with growth in imports needed as valuable inputs in the construction and hotels and restaurants sectors. The widening in the deficit may be mitigated by an increase in export earnings associated with higher output in the manufacturing sector, through the Partial Scope agreement with Brazil.

Possible downside risks to these projections are tilted more towards domestic factors, while international influences remain a secondary concern. A potential deceleration in CBI inflows due to increased regional competition from emerging jurisdictions may adversely impact fiscal outturns, given the high degree of dependence on revenue inflows from this programme. Adverse external shocks that could derail the expansion include; disruption to global economic growth, in particularly that of the USA, inducing knock-on negative impacts on FDI inflows and the construction sector. The lingering threat of adverse weather conditions from hurricane or flood damage in the mid to latter part of 2015 represents a potential risk to forecasted outcomes.

SAINT LUCIA

Overview

Based on preliminary data, Saint Lucia recorded a decline in economic activity in 2014, its third consecutive year of contraction. Real growth is estimated to have contracted by 2.7 per cent, compared with decreases of 2.3 per cent and 1.3 per cent recorded in 2013 and 2012 respectively. The fall in economic activity was largely the result of declining performances in a number of the major contributors to real output. The consumer price index rose by 3.7 per cent, on an end of period basis. The central government's overall fiscal deficit narrowed, largely on account of developments on the current side. The total disbursed outstanding debt of the public sector rose during 2014, as central government's borrowing increased. Developments in the banking system were marked by growth in monetary liabilities and declines in domestic credit and net foreign liabilities position. Commercial banks' liquidity improved, but remained tight, while the spread between their weighted average lending and deposit interest rates widened. The balance of payments accounts recorded an overall surplus in contrast to a deficit in the previous year.

Prospects for the economy of Saint Lucia in 2015 are hinged on an expected turnaround in a few key sectors, which may contribute to a marginal expansion in real GDP. The anticipated increase in economic activity is likely to be supported by expected improved performances in the tourism industry and a number of other auxiliary sectors. The strengthening recovery in the economies of the main source markets, especially the USA, and increased airlift are expected to fuel growth in tourism. Growth is also expected to be supported by a projected increase in agricultural production. A smaller overall deficit is projected on the fiscal accounts, based on deliberate policies to enhance revenue and contain expenditure. Inflationary pressures are likely to subside, guarded by commodity price fluctuations. Downside risks include exogenous shocks, adverse weather and domestic labour market issues.

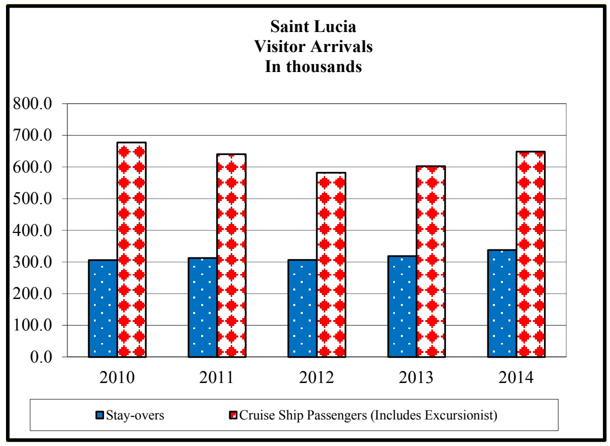
Output

Value added in the construction sector is estimated to have declined by 23.3 per cent in 2014, following a fall of 10.6 per cent in the previous year. The sector's share of GDP declined to 6.9 per cent from 8.8 per cent in 2013. The contraction in construction activity was partly reflected in a decline of 14.2 per cent in commercial bank lending to that sector. Its overall outturn was influenced by lower levels of investments in both the public and private sectors, partly due to a slower than anticipated recovery in foreign direct inflows. In the private sector, activity focused on a few residential properties, while work in the public sector involved the development and rehabilitation of infrastructure, including the St Jude's Hospital, a financial complex, bridges and roads. The overall decrease in construction activity was partly evidenced by lower imports of construction related materials.

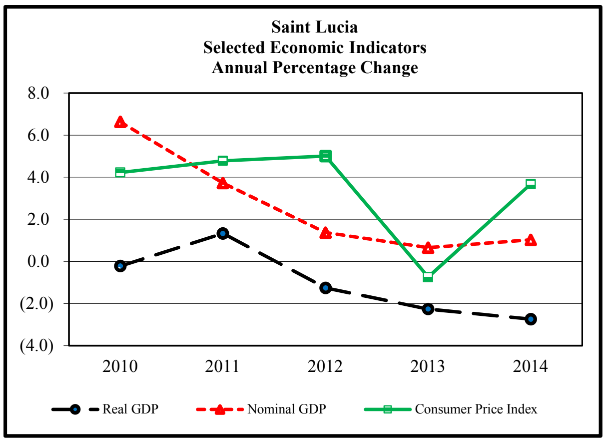
Activity associated with the agricultural sector is estimated to have contracted, following a rebound in the last two years. Value added in agriculture decreased by 8.9 per cent, in contrast to growth of 2.5 per cent in 2013. The sector's contribution to GDP declined marginally to 2.2 per cent in 2014 from 2.3 per cent one year ago. The outturn in 2014 was primarily associated with a 13.5 per cent fall in crop production, which more than offset a rebound (16.1 per cent) in livestock production. The performance in the crop sub-sector was largely the result of persistent underperformance in the banana industry. Banana production fell by an estimated 26.5 per cent to 8,772 tonnes, as the industry continued its struggle to recover from the negative impact of the Black Sigatoka disease, hurricane Tomas and the December 2013 trough. This decline in banana production compares with one of 1.6 per cent recorded last year and was responsible for a 22.2 per cent fall in banana export revenue.

Manufacturing related activity is estimated to have contracted by 2.1 per cent in 2014, compared with a decline of 3.9 per cent in the prior year. As a share of GDP, the sector's contribution remained relatively unchanged at 4.8 per cent. Generally, manufacturing activity has not been robust enough to influence a recovery from the impact of the global economic and financial crisis, as evidenced by five consecutive years of negative growth. The contraction in the sector's output was attributable to estimated reductions in the value of output in a number of manufactured items, including food and beverages. The sector's overall assessment was also reinforced by a 12.8 per cent fall in domestic exports, attributable in part to a decline of 19.4 per cent in the export of beverages and tobacco.

Value added in the hotels and restaurants sector, a proxy measure of activity in the tourism industry, is estimated to have increased by 3.2 per cent in 2014, compared with growth of 4.7 per cent in the prior year. The sector's contribution to GDP grew marginally to 11.2 per cent from 10.6 per cent in 2013. Partly indicative of the overall increase in value added in that sector was the strengthened performance in the restaurants sub-sector, which grew by 3.8 per cent in the year under review compared with growth of 0.7 per cent a year earlier. The performance in 2014 also reflected an increase in the total number of visitors, which grew by 7.6 per cent to 1,034,068, largely attributable to an improvement in the cruise ship sub-category. The number of cruise ship passengers increased by 8.0 per cent to 641,452, compared with growth of 3.9 per cent in the previous year. The expansion in the number of cruise passengers largely reflected a 13.2 per cent increase in the number of cruise ship calls from 341 to 386.



Stay-over visitor arrivals increased by 6.1 per cent to 338,158, compared with growth of 3.9 per cent last year. The performance in the stay-over sub-category was largely influenced by growth in the number of visitors from the USA, Canada and Europe. Stay-over arrivals from the USA, the major source market, grew by 11.1 per cent to 142,582, reflecting an increase in airlift from that market and the continued recovery of that economy. The number of stay-over visitors from the Canadian market increased by 15.3 per cent, in contrast to a decline of 4.6 per cent recorded in 2013. The number of stay-over visitors from Europe rose by 6.1 per cent associated with improved performances from all sub-markets within that region, particularly the UK. Those increases were tempered by declines of 8.3 per cent in the number of stay-over visitors from the Caribbean and 6.1 per cent from Latin America.



Of the other categories of visitors, the number of yacht visitors rose by 18.4 per cent, reflecting an increase of 17.0 per cent in the number of yachts visiting the island, as the tourism authorities continued to strengthen marketing efforts targeting the yachting sub-sector. The number of excursionists fell by 8.5 per cent to 7526.

Prices, Wages and Employment

During 2014, prices of goods and services in the economy are estimated to have risen by 3.7 per cent, on an end of period basis, as indicated by positive movements in the consumer price index. This outturn contrasts to a fall of 0.7 per cent recorded during 2013. The higher rate of inflation was associated with growth in prices of most of the major commodity categories. The sub-index for food and non-alcoholic beverages, the largest weighted in the basket of goods and services, rose by 6.3 per cent in contrast to a decline of 3.0 per cent during the prior year. Higher prices for a number of commodities including food, meat, bread and cereals contributed to the overall increase in the food and non-alcoholic beverages category. Other upward price movements were recorded in the sub-indices for housing, utilities, gas and fuels (3.4 per cent), transport (3.9 per cent), education (5.0 per cent), clothing and footwear (8.7 per cent) and recreation and culture (25.6 per cent). Those increases more than offset marginal declines in the sub-indices for communication (4.1 per cent), alcoholic beverages, tobacco and narcotics (0.5 per cent), health (2.8 per cent), household furnishings, supplies and maintenance (7.0 per cent) and hotels and restaurants (14.1 per cent).

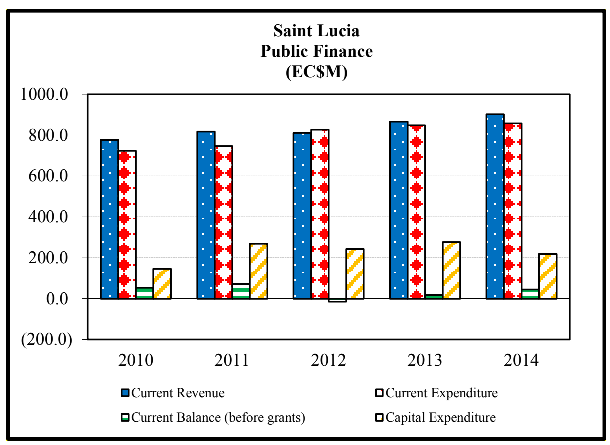
Official data on wage movements and employment in the private sector were not available. The rate of unemployment was estimated at about 25.8 per cent, from 24.9 per cent at the end of 2013. The youth unemployment rate at 45.4 per cent remains a concern. Worthy of note is that with regard to salary negotiations between the government negotiating team and the public sector unions for the 2013 to 2016 triennium, most public servants have agreed to a wage freeze for that period and continue to negotiate for non-salary benefits. Notwithstanding, there was a marginal increase (0.6 per cent) in the number of public sector employees when compared with last year, as government employed additional staff in a few areas, particularly health services.

Central Government Fiscal Operations

The central government's fiscal operations resulted in an overall deficit of $113.5m (3.1 per cent of GDP); lower than the $241.0m deficit (6.7 per cent of GDP) recorded in 2013 and also below the budgeted target of 5.7 per cent of GDP. The improvement in the fiscal performance was largely attributed to positive developments on the current account, which yielded a surplus for the second consecutive year. These developments were also supported by a lower level of capital spending. There was a turnaround in the primary balance, which realized a surplus after three straight years of being in a deficit position. The primary surplus was $30.4m (0.8 per cent of GDP) in contrast to a deficit of $106.2m (2.9 per cent of GDP) in 2013.

The current account yielded a surplus of $45.0m, which represents a more than doubling of the outturn at the end of 2013. This improved performance stemmed from an expansion in current revenue, which more than offset an increase in current expenditure. Current revenue grew by 4.2 per cent to $901.4m (24.4 per cent of GDP) compared with a rise of 6.8 per cent at the end of last year. Growth in current revenue was largely influenced by an increase in tax collections, which was partly offset by lower non-tax revenue yields. Tax revenue grew by 5.1 per cent mainly reflecting increases in receipts from taxes on international trade and transactions and that of domestic goods and services. The intake from taxes on international trade and transactions grew by 11.5 per cent, primarily reflecting increases in the collections from the excise tax on imports ($11.0m), the airport tax ($7.9m) and the import duty ($7.6m). Receipts from taxes on domestic goods and services were 5.6 per cent above the amount collected in 2013, mirroring growth in revenue from the value added tax (VAT). The intake from the VAT expanded by 8.0 per cent, partly due to an increase in the VAT rate on the tourism industry from 8.0 per cent to 10.0 per cent, effective April 2014, supported by the removal of a number of items from the exemption list, as announced in the annual budget. As a per cent of GDP, the revenue from VAT increased to 10.4 per cent in 2014, from 9.7 per cent in the previous year. The increase in the overall tax revenue was tempered somewhat by smaller receipts from taxes on income and profits, which fell marginally ($4.3m), largely associated with a decline in the collection of arrears. Non-tax revenue fell by 10.3 per cent to $45.9m, primarily as a result of lower inflows from fees, fines and sales, which recorded an improved performance in the last two years.

Current expenditure rose by 1.0 per cent ($8.5m) to $856.4m, reflecting growth in most of the major components, particularly interest payments. Interest payments increased by 6.8 per cent ($9.1m), concomitant with the rise in central government borrowing. Outlays on personal emoluments, which accounted for 44.1 per cent of current expenditure, rose by 1.2 per cent ($4.5m) driven predominantly by an increase in spending on salaries as public sector employment rose. Outlays on transfers and subsidies grew by 2.4 per cent ($4.1m), largely reflecting increased pension payments. By contrast, expenditure on goods and services fell by 5.5 per cent ($9.3m), primarily associated with lower maintenance expense and a decline in the cost of rent.



Capital expenditure fell by 21.0 per cent to $218.1m (5.9 per cent of GDP), in contrast to growth of 14.1 per cent in the previous year. This outturn was attributed to the winding down of some major infrastructural projects, and the delayed implementation of a number of planned activities, which were expected to impact the construction sector and general economic activity. Notwithstanding the decline in activity, work continued on the reconstruction of the St Jude's Hospital and on the rehabilitation of infrastructure such as bridges and roads. Capital expenditure was financed in part through grant inflows, which more than doubled to $59.5m (1.6 per cent of GDP) from $17.3m (0.5 per cent of GDP) in 2013.

Public Sector Debt

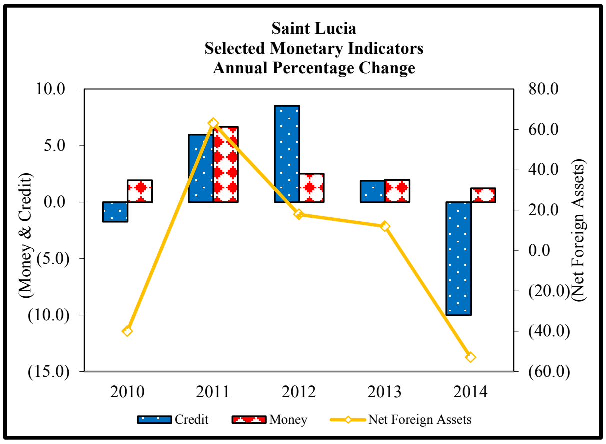
The outstanding debt of the public sector was estimated at $2,891.4m at the end of 2014, representing an increase of 5.0 per cent on the total at the end of December 2013. As a percentage of GDP, the outstanding debt increased to 78.4 per cent from 76.4 per cent at the end of 2013. Overall growth in public sector debt was the consequence of an increase in central government borrowings. The disbursed outstanding debt of the central government, which accounted for 94.4 per cent of the total debt stock, grew by 6.6 per cent to $2,728.5m (74.0 per cent of GDP), reflecting increased external and domestic borrowing. The stock of external debt of the central government rose by 8.7 per cent ($109.9m), while its domestic debt increased by 4.6 per cent ($59.9m). Meanwhile, estimates of the outstanding debt of the public corporations indicated a decline of 16.9 per cent to $162.9m. The debt service payments rose by 17.7 per cent to $378.0m, influenced primarily by a 25.6 per cent increase in principal repayments.

Money and Credit

Broad money supply (M2) grew by 1.2 per cent to $2,887.9m, compared with an increase of 2.0 per cent during 2013. The expansion was attributed to growth in narrow money (M1), which was partially offset by a marginal contraction in quasi money. M1 rose by 7.6 per cent ($53.1m), owing to an increase of 10.6 per cent in private sector demand deposits, which more than offset a decline of 3.2 per cent in currency with the public. By contrast, quasi money contracted by 0.9 per cent to $2,139.4m, largely influenced by a 16.7 per cent decrease in private sector time deposits, which outweighed growth of 42.5 per cent in foreign currency deposits.

Domestic credit fell by 10.0 per cent to $3,579.5m, in contrast to growth of 1.9 per cent recorded during 2013. The contraction was primarily influenced by decreased borrowing by the private sector, non-financial public enterprises and the government. Outstanding credit to the private sector fell by 6.7 per cent, reflecting a decline of 19.4 per cent in business credit, which more than offset an increase of 13.7 per cent in lending to households. In addition, loans to non-bank financial institutions and subsidiaries and affiliates contracted by 40.7 per cent and 27.8 per cent, respectively. Outstanding loans to non-financial public enterprises decreased by 23.9 per cent, while their deposits at commercial banks grew by 11.1 per cent. The central government's transactions resulted in a net credit position of $257.2m compared with one of $308.0m at the end of 2013. The outturn was largely the consequence of a 29.6 per cent decline in the central government's deposits at commercial banks. Also, the government increased its use of the facilities at the Central Bank, and scaled back on commercial loans and advances from the banking system.

An analysis of the distribution of commercial banks' credit by economic activity indicates that outstanding loans and advances decreased by 6.9 per cent, compared with a decline of 0.5 per cent during the prior year. The outcome was largely influenced by a contraction of 23.9 per cent in lending for other uses, particularly professional and other services, which declined by 31.7 per cent ($283.6m). Lending to the tourism industry, the construction sector and distributive trades fell by 17.2 per cent ($119.8m), 14.2 per cent ($52.2m and 6.5 per cent ($20.4m) respectively. Outstanding loans to the agriculture and fisheries sector declined by 26.7 per cent ($9.4m). These declines more than offset growth in credit for personal use and manufacturing. Credit for personal purposes increased by 13.7 per cent ($214.4m), largely utilised for the acquisition of property, mostly home construction and renovation. Lending to manufacturing increased by 1.6 per cent in contrast to a contraction of 9.7 per cent during 2013.



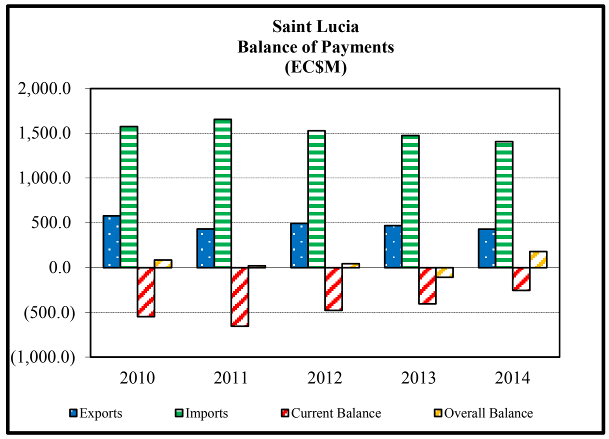
The net liability position of the banking system stood at $304.2m at the end of December 2014, from a position of $646.2m one year earlier. This development was partly attributed to an increase in Saint Lucia's imputed share of the reserves at the Central Bank, which grew by 39.7 per cent to $635.4m. Also contributing to the improvement in Saint Lucia's position was a 14.7 per cent decline in the net liabilities position of commercial banks as they augmented their external assets by 23.7 per cent. The liabilities of commercial banks in other ECCB territories grew by 4.1 per cent, while those outside the region contracted by 4.7 per cent.

Liquidity in the commercial banking system remained relatively tight. At the end of December 2014, the ratio of liquid assets to total deposits plus liquid liabilities was at 28.8 per cent, which was higher than the recommended minimum of 25.0 per cent and about 6.1 percentage points above the level recorded at the end of last year. The ratio of loans and advances to total deposits fell by 10.0 percentage points to 109.0 per cent, but remained outside the ECCB's recommended outer bond of 85.0 per cent. The weighted average interest rate spread between loans and deposits widened to 5.93 percentage points from 5.62 percentage points at the end of 2013. The weighted average interest rate on deposits was 2.58 per cent, representing a decline of 22 basis points from the level at the end of 2013, while the weighted average interest rate on lending grew by 9.3 basis points to 8.50 per cent.

Balance of Payments

Preliminary estimates of the performance of Saint Lucia's external sector for 2014 indicate that an overall surplus of $180.5m (4.9 per cent of GDP) was realised, in contrast to a deficit of $107.4m (3.0 per cent of GDP) at the end of 2013. The turnaround on the balance of payments was largely associated with a narrowing of the deficit on the current account, supported by a larger surplus on the capital and financial account.

The deficit on the current account contracted by an estimated 37.1 per cent to $254.0m (6.9 per cent of GDP) mainly attributable to a larger surplus on the services account, coupled with a smaller deficit on the goods account. Service transactions resulted in a net inflow of $706.0m (19.1 per cent of GDP), roughly 20.3 per cent above the amount at the end of last year. The merchandise trade deficit is estimated to have shrunk to $980.4m (26.6 per cent of GDP) from $1,003.3m (27.8 per cent of GDP), reflecting a decline in import payments, and a fall in export receipts. The import bill fell by 4.3 per cent to $1,409.4m, compared with a decline of 3.6 per cent in 2013. The value of exports amounted to $429.0m (11.6 per cent of GDP), about 8.9 per cent below the level of the previous year. The decline was largely associated with a 12.8 per cent fall in domestic exports, due in part to smaller receipts from a number of commodities, including food and beverages and tobacco.



Transactions on the capital and financial account resulted in growth of 46.5 per cent to $434.6m in net inflows, compared with $296.7m recorded in 2013. The expansion reflected transactions on both the financial and capital accounts. On the financial side, net inflows increased by 45.7 per cent ($110.0m), which was supported by a net inflow of $50.8m, for long term loans to the public sector.

Prospects

In spite of downside risks, global economic growth prospects remain positive. The International Monetary Fund in its January 2015 World Economic Outlook update revised its projections for growth in 2015 to

3.5 per cent, due mainly to developments in China, Russia, the Euro area, Japan, and some of the main oil exporting countries. Nevertheless, the recovery in the USA has been stronger than anticipated; hence projections for that economy in 2015 were upwardly revised to 3.6 per cent. Amidst the moderate strengthening in the pace of the global recovery and increased expectations for the US economy in particular, economic activity in Saint Lucia is projected to pick up in 2015, albeit at a slow pace. The uptick is likely to be influenced by increased activity in the tourism industry and a few economic sectors, including transport and agriculture. Also, the authorities in Saint Lucia remain committed to implementing policy initiatives to achieve and sustain economic growth in the short to medium term.

Activity in the hotels and restaurants sector, as indicated by the tourism industry is projected to improve, as marketing initiatives and other efforts to increase airlift contribute to an expansion in stay-over visitor arrivals. A stronger recovery in the main source market – USA, and increased capacity from British Airways and Virgin Atlantic are expected to bolster that sub-category. The overall performance for stay-overs is likely to be tempered somewhat by the Caribbean market, which is expected to remain suppressed. The cruise sub-sector is likely to perform better in 2015, as an increase in the number of cruise ship calls to Saint Lucia is anticipated. Also, continuous improvement in yachting is projected as yachting activities on the island increase. Positive developments in the tourism industry augur well for other ancillary sectors, like transport and communication and trades.

Growth in value added for agriculture is anticipated, based on further improvement in the output of a number of sub-sectors including livestock, poultry and non-banana crops. Continuous investments in the sector and initiatives geared towards diversification and to attract more young unemployed persons into agriculture continue, and are expected to contribute positively to value added in the short to medium term. The banana industry stands to benefit from the Banana Accompanying Measure (BAM) funds and consequently produce better yields going forward.

The overall deficit on the fiscal accounts is projected to continue to narrow, as the authorities maintain a tight fiscal stance and continue the implementation of policy measures to contain expenditure and improve revenue collection. Tax revenue performance is likely to continue to improve, supported by the intake from the value added tax. Although the 2014/15 budget presented a number of measures to reduce expenditure, recurrent spending continued to increase and is unlikely to decline in the short term. Outlays on personal emoluments, the largest category of current expenditure may continue its upward movement, despite a wage freeze for the 2013 to 2016 triennium. Notwithstanding, the boost to current revenue may compensate for the shortfall on the expenditure side. Capital expenditure is likely to remain at 2014 levels as authorities aim to keep that category of spending close to 6.0 per cent of GDP. Pressures on the debt side are anticipated as government continues to borrow to finance its deficit and programmed capital expenditure. These pressures are expected to adversely impact interest payments and by extension total debt servicing costs.

In the external sector, the merchandise trade deficit is projected to narrow owing to an anticipated decrease in imports, consistent with a move by supermarkets, hotels and restaurants to increase their local purchase and adopt farm to market practice for a few items including fruits, vegetables and poultry. Larger export earnings are projected based on expected increases in domestic exports as external demand is likely to pick up with the global recovery. Inflationary pressures are likely to remain subdued as a result of lower global commodity prices, including petroleum. Net inflows from travel are projected to increase consistent with an anticipated expansion in visitor arrivals. Foreign investment flows are likely to improve in line with expectations for the global recovery, especially developments in the advanced economies.

Influenced by downside risks including the uncertainty of oil prices, volatility in the global financial markets and vulnerabilities in emerging markets, world output growth for 2015 was revised downwards to 3.5 per cent. However, growth projections for the advanced economies were upwardly revised to 2.4 per cent. These revisions reflect optimism, regardless of the inherent challenges. Any threat to the global recovery has the potential to adversely impact the small open economies of the ECCU, particularly Saint Lucia, as the financing for private sector projects hinge on foreign investments. Additionally, the performance of the tourism industry is dependent on the macroeconomic fundamentals of the advanced economies, especially the USA, UK and Canada. Other downside risks include adverse weather, fluctuations in global commodity prices, geopolitical tensions and domestic labour market developments.

ST VINCENT AND THE GRENADINES

Overview

Real output in St Vincent and the Grenadines is estimated to have contracted by 1.3 per cent in 2014 in contrast to an expansion of 2.4 per cent in 2013. The 2014 outturn was largely influenced by declines in key sectors such as construction and its ancillary sectors, as well as hotels and restaurants. The Consumer Price Index (CPI) rose by 0.1 per cent on an end of period basis. The central government recorded a smaller overall fiscal deficit as revenue increased while expenditure fell. The fiscal deficit was largely financed by external borrowing and an accumulation of domestic arrears which contributed to an increase in the total outstanding public sector debt stock. In the banking system, growth in the broad monetary aggregates accelerated while that of net foreign assets and domestic credit moderated. Commercial bank liquidity improved and the weighted average interest rate spread between loans and deposits narrowed. A smaller surplus was generated on the overall balance of payments mainly attributable to lower net inflows on the capital and financial account.

Economic activity in St Vincent and the Grenadines is expected to improve in 2015, consistent with an improved outlook for its main trading partners. Despite the downward revision in global growth by the International Monetary Fund in its January 2015 update of the World Economic Outlook, the more favourable projections for the USA and UK economies are expected to improve external demand for domestic exports. Value added is also anticipated to increase in the agricultural, manufacturing, and construction sectors with spill-over effects into ancillary sectors, premised on greater demand and lower energy prices. Inflationary pressures are likely to remain subdued, reflecting lower international commodity prices. The overall fiscal deficit is likely to widen, based on a planned increase in capital expenditure as outlined in the 2015 Budget.

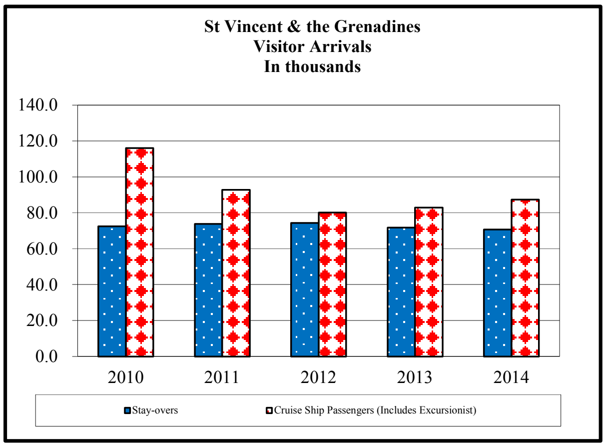
There are however a number of uncertainties surrounding this generally positive outlook.

Continued weaknesses in a number of advanced economies and geo-political tensions could potentially spread to the US economy. In the domestic economy, slow implementation of public sector infrastructure projects, weak private sector investment and adverse weather could adversely affect the growth potential of St Vincent and the Grenadines.

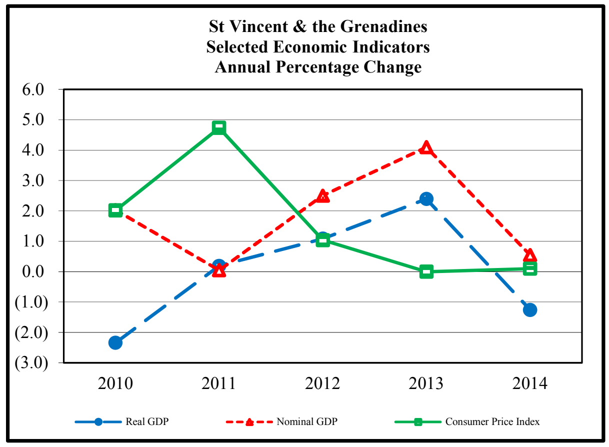
Output

Value added in the construction sector, which contributed approximately 7.4 per cent to real GDP, is estimated to have contracted by 15.0 per cent in 2014, in contrast to an expansion of 6.6 per cent in the previous year. The decline in value added was mainly driven by weaker public sector activity especially the slow pace of work on the Argyle International Airport project and the stoppage of construction activity on a major tourism project in the Grenadines. This slowdown outstripped potentially higher activity for private residential dwellings during the year. Value added in the mining and quarrying sector, which is highly associated with the level of construction activity, is estimated to have declined by 15.0 per cent.

Value added in the hotels and restaurants sector, a proxy for tourism activity, is estimated to have declined by 1.7 per cent in 2014, following a contraction of 0.8 per cent in 2013. This outturn reflected a 1.4 per cent decline in the number of stay-over visitors to 70,713 compared with growth of 3.6 per cent in 2013. The reduction was largely attributed to contractions in visitor arrivals from the two largest source markets - the Caribbean (8.6 per cent) and the USA (1.3 per cent). This performance represented the fifth consecutive year of decline in stay over visitor arrivals from the Caribbean market and the second such decline for the US market. The fall in visitor arrivals may be attributable to a number of factors such as, the relatively high cost of regional travel and weak wage growth in the United States of America. In contrast, stay-over visitor arrivals from the UK, which is the third largest source market, grew by 5.1 per cent and that from Canada rose by 0.8 per cent. Arrivals from non-traditional source markets also rose by 3.7 per cent. Of the other categories of visitors, increases were recorded in yacht passenger arrivals (3.0 per cent) and cruise ship passengers (6.2 per cent), while the number of excursionists declined by 19.2 per cent. Total visitor arrivals are estimated to have increased by 2.4 per cent to 204,934, following a marginal increase of 0.1 per cent in 2013. Visitor expenditure is also estimated to have risen by 0.9 per cent to $251.6m during the year.



Among the other key sectors contributing to the contraction in overall economic activity, value added in the wholesale and retail trade sector is estimated to have shrunk by 3.5 per cent, in contrast to an increase of 4.2 per cent in 2013. This decline was largely driven by a reduction in imports of consumer durables and building materials associated with the contraction in construction activity. Declines were also estimated in value added in the electricity and water (1.9 per cent) and transport, storage and communications (1.4 per cent) sectors.



Real output in the agriculture, livestock and forestry sector is estimated to have slowed by 1.7 per cent in 2014, relative to growth of 6.4 per cent in 2013. Nevertheless, the share of the sector in total value added rose by 0.2 percentage point to 6.4 per cent in 2014. The less robust performance in 2014 was primarily influenced by lower levels of crop production, which grew by 1.5 per cent in 2014 compared with 6.6 per cent in 2013. Of the main sub-categories, there was a 20.0 per cent decline in banana production and a slowdown in output of other crops such as root crops and vegetables. This outturn was largely attributed to the effects of inclement weather as well as the ongoing effects of plant disease. The slowdown in activity in the sector was mitigated by increased livestock production (2.5 per cent) due to higher production of beef and pork. Production in the fishing sector is estimated to have contracted by 1.0 per cent, in contrast to growth of 6.6 per cent in 2013.

The manufacturing sector provided the strongest positive contribution to economic activity, as value added in this sector is estimated to have risen by 3.5 per cent in 2014, reversing the contraction of 2.2 per cent in 2013. The improvement in the manufacturing sector was fueled by stronger domestic and regional demand, which led to increases in the production of feeds (7.7 per cent), beer (7.2 per cent) and flour (6.4 per cent). Meanwhile, rice production contracted by 19.2 per cent.

Prices, Wages and Employment

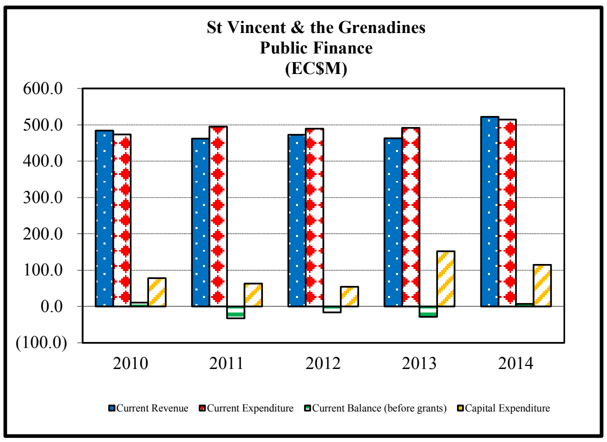
Inflationary pressures, as measured by the consumer price index (CPI), remained subdued on an end of year basis. The CPI rose by 0.1 per cent in 2014 on an end of period basis following a virtual zero rate of inflation in 2013. The marginal increase in the inflation rate partly reflected price increases in the communication (3.9 per cent); transportation (2.2 per cent); alcoholic beverages, tobacco and narcotics (1.4 per cent); and the household furnishings, supplies and maintenance (0.5 per cent) sub-indices. The increases in those sub-indices were partially mitigated by contractions in the sub-indices of clothing and footwear (2.7 per cent); housing, utilities, gas and fuels (1.6 per cent); and health (1.0 per cent). The decline in the housing, utilities, gas and fuels sub index, which is the highest weighted sub-index, was largely attributable to a 29.6 per cent reduction in the fuel surcharge rate as well as an 11.0 per cent contraction in the cost of kerosene oil. Reductions in the price of men's shoes and women's clothing and accessories contributed the most to the decline in clothing and footwear. Meanwhile, the food and non-alcoholic beverages sub-index, which is the second largest weighted, declined at a moderate rate of 0.3 per cent following an increase of 1.8 per cent in 2013.

With respect to wages and salaries, no increases were granted to public sector employees. While there is paucity of data on the recent evolution of employment for St Vincent and the Grenadines, data on the total employees in the public sector, which is the largest employer, may be used as a reasonable proxy. Total number of public sector employees increased by 0.6 per cent during 2014 to 7,378. In addition, Government introduced the PetroCaribe-funded Supportive Education and Training Programme (SET) in March 2014, aimed at training and skills development. Notwithstanding these developments, the decline in output of the construction and ancillary sectors may have led to some softening in labour market conditions.

Central Government Fiscal Operations

Provisional estimates showed that the overall fiscal deficit narrowed to $76.8m (3.9 per cent of GDP) in 2014 from $120.1m (6.2 per cent of GDP) in 2013. The deficit was financed mainly from external sources and the accumulation of domestic arrears. Of the other major balances, a primary deficit of $31.0m (1.6 per cent of GDP) was recorded, compared with one of $72.2m (3.7 per cent of GDP) in 2013. The current account balance improved to a surplus of $7.6m (0.4 per cent of GDP) from a deficit of $28.7m (1.5 per cent of GDP) in 2013, largely influenced by growth in revenue which outpaced the growth in expenditure.

Despite the estimated contraction in economic activity, revenue collection rose during the period, reflective of greater efficiency in tax administration through enhanced collection efforts. Current revenue increased by 12.8 per cent to $521.8m (26.5 per cent of GDP) from $462.6m (23.8 per cent of GDP) in 2013, reflecting increases in all of the main sub-categories of tax and non-tax revenue. Tax revenue, which constituted approximately 90.0 per cent of current revenue, increased by 11.1 per cent to $467.2m (23.7 per cent), reversing the 2.3 per cent decline in 2013. This increase was influenced by the yield from taxes on incomes and profits, which rebounded by $25.7m in 2014, in contrast to a decline of $11.0m in the previous year. The outturn was driven by higher receipts from corporation tax and withholding tax associated with the conduct of forensic audits. Similarly, inflows from taxes on domestic goods and services, which accounted for approximately half of tax revenue, rose by 7.9 per cent to $240.5m, due in part to increased receipts from VAT and excise taxes. VAT collections increased by 5.6 per cent to $138.0m (7.0 per cent of GDP) mainly on account of enhanced tax collection efforts. Receipts from excise taxes rose by 29.1 per cent to $33.0 largely associated with higher excise tax rates on a number of items including gasoline and diesel. Tax receipts on international trade and transactions rose by 4.2 per cent to $85.5m reflecting increases in import duty and customs service charge linked with a reduction in concessions. Non-tax revenue was higher by 30.0 per cent largely due to the collections on interest and rents, which more than doubled to $17.0m in 2014 from one year earlier, on account of prepayment of interest and budgetary support by the PetroCaribe.



Current expenditure rose by 4.7 per cent to $514.3m (26.1 per cent of GDP), owing to increased outlays on transfers and subsidies and goods and services. Spending on goods and services rose by 11.3 per cent ($7.5m) due to utility payments, refunds and sundry expenses. Outlays on transfers and subsidies rose by 16.5 per cent ($20.9m) associated with pension benefits as well as social welfare payments related to the December 2013 trough. In contrast, expenditure on personal emoluments and wages fell by 1.3 per cent to $247.8m, reverting to pre 2013 trends as no salary increases or retroactive payments were given. Interest payments declined by 4.4 per cent to $45.8m on account of a reduction in domestic payments.

Capital expenditure fell by 24.6 per cent to $114.4m mainly due to the delays in a number of public sector projects. Capital expenditure was in part financed by grant inflows which increased by $3.4m to $29.5m. This increase only partially offset the $33.4m decline in capital revenue.

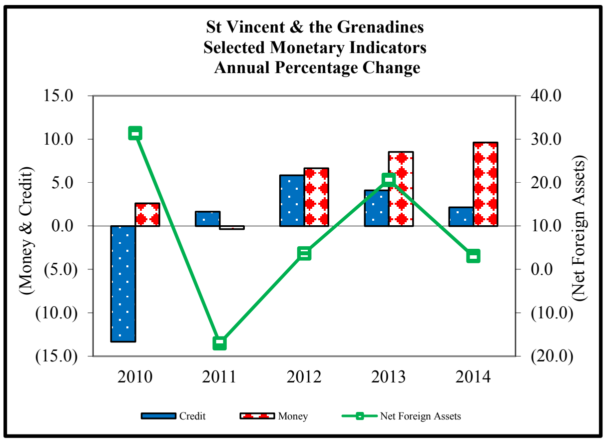
Public Sector Debt

The stock of disbursed outstanding debt of the public sector was estimated to have increased by 5.7 per cent to $1,561.4m at the end of 2014. Consequently, the debt-to-GDP ratio rose by 3.3 percentage points to 79.4 per cent at the end of 2014. The increase in the debt stock was attributable to a rise in both domestic and external borrowings by the central government. The central government external debt stock increased by 9.7 per cent to $940.4m as government borrowed from bilateral and multilateral creditors and a foreign bank to finance its major infrastructural projects. The rate of increase in central government's domestic debt was more moderate at 4.0 per cent to $395.8m and was associated with an increase in arrears and credit from non-bank financial institutions and the National Insurance Service. The debt stock of public corporations fell by 5.9 per cent to $225.3m, reflecting contractions in both domestic (2.7 per cent) and external (10.3 per cent) borrowing.

Money and Credit

Provisional data indicate that money and credit dynamics in St Vincent and the Grenadines were mixed during 2014. Despite the general contraction in economic activity, the total monetary liabilities (M2) of the banking system grew at a faster rate of 9.6 per cent to $1,408.6m during 2014, relative to growth of 8.5 per cent during 2013. The expansion in M2 largely reflected developments in quasi money. Quasi money, which accounts for approximately 70.0 per cent of M2, rose by 7.9 per cent to $982.3m, primarily on account of expansions in private sector saving deposits (8.7 per cent) and private sector foreign currency deposits (27.4 per cent). The substantial growth in private sector foreign currency deposits was mainly due to increased inflows to a number of tourism-related companies in the Grenadines. Narrow money, the other component of M2, also increased by 13.9 per cent to $426.3m, reflecting the continued preference for more liquid deposits. The expansion was driven by private sector demand deposits and currency with the public which rose by 13.8 and 11.4 per cent respectively.

Domestic credit expanded at a slower rate of 2.1 per cent to $1,020.2m during 2014, following an increase of 4.1 per cent during 2013. This deceleration reflected lower demand for credit by the private sector and growth in the net deposit position of non-financial public enterprises (NFPE's). Private sector credit fell by 0.3 per cent ($2.6m) in contrast to growth of 1.3 per cent ($13.5m) during 2013. The decline in private sector credit was driven by a deceleration in credit to households and a contraction in business credit. Household credit, which accounts for most private sector credit, grew at a slower rate of 1.6 per cent compared with one of 15.9 per cent over the previous year. Conversely, loans extended to businesses declined by 5.9 per cent, driven by weak economic activity and cautious private sector investment. Meanwhile, the net deposits of non-financial public enterprises rose by 0.5 per cent largely resulting from growth in deposits.



In the public sector, the net indebtedness of the central government expanded by 38.3 per cent to $88.6m during 2014 compared with a 29.4 per cent increase in the previous year. The expansion was associated with increased short-term borrowing from the Commercial Banks and the Central Bank to finance current fiscal operations and an expansion in commercial bank borrowing.

An analysis of the distribution of bank credit by economic activity revealed that outstanding loans contracted by 0.2 per cent to $1,182.0m during 2014, in contrast to a marginal expansion of 0.4 per cent recorded during 2013. The contraction in credit was primarily due to declines in outstanding loans extended to the manufacturing (24.2 per cent), professional and other services (15.8 per cent), tourism (7.4 per cent), agriculture and fisheries (0.3 per cent) and other miscellaneous (5.1 per cent) sectors. Those contractions were partially countered by expansions in credit for construction (12.3 per cent), public administration (2.0 per cent), personal use (1.7 per cent) and distributive trades (0.8 per cent). The increase in credit for personal use, which accounts for approximately half of total credit, was driven by a 5.5 per cent increase in lending for home construction and renovation while credit for land and house purchase fell by 3.4 per cent.

Net foreign assets of the banking system grew by 3.1 per cent to $508.2m at the end of 2014, relative to growth of 20.6 per cent during 2013. This expansion was mainly fuelled by a rise of 17.3 per cent to $421.4m in St Vincent and the Grenadines' imputed share of the reserves held at the Central

Bank. This was mitigated by a sharp contraction in the net foreign assets of commercial banks of 35.1 per cent to $86.8m was largely influenced by a decline in balances due from branches in other ECCU territories. The decline in balances was associated with the merger of the Royal Bank of Canada (RBC) and Royal Bank of Trinidad and Tobago (RBTT) on 01 December 2014.

Liquidity in the commercial banking system increased during the period under review. This was evidenced by an increase in the ratio of liquid assets to total deposits plus liquid liabilities, which rose by 2.0 percentage points to 44.9 percent. In addition, the ratio of loans and advances to total deposits fell by 4.6 percentage points to 68.1 per cent.

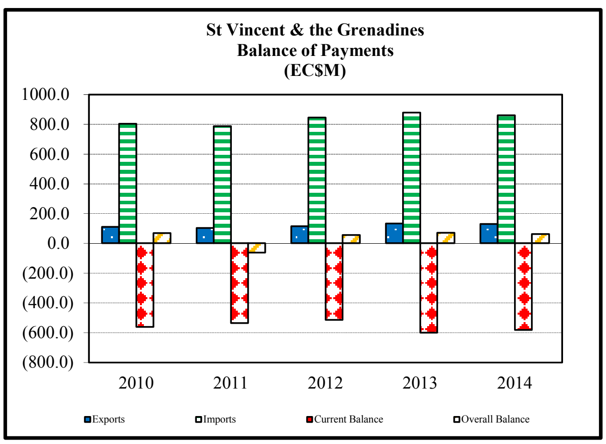
Commercial banks weighted average interest rate spread between loans and deposits narrowed to its lowest level in five years. The spread was registered at 5.45 per cent at the end of 2014, from 6.78 per cent at the end of 2013. The movement in the spread was largely attributable to a sharp fall in the weighted average lending rate by 149 basis points to 7.92 per cent. The reduction in the weighted average deposit rate was more moderate, as the rate edged 17 basis points lower to 2.46 per cent.

Balance of Payments

Preliminary estimates of the balance of payments indicate a narrowing of the overall surplus of $62.0m (3.2 per cent of GDP), marginally below that of $69.8m (3.6 per cent of GDP) recorded in 2013. This outturn was influenced by a decline in net inflows on the capital and financial account which more than offset the reduction in the current account deficit.

The narrowing of the current account deficit continued to be heavily influenced by developments in the goods and services account. The current account deficit narrowed to an estimated $582.6m (29.6 per cent of GDP) from $601.5m (31.0 per cent of GDP) in 2013. The merchandise trade deficit narrowed by 2.2 per cent to $730.1m (37.1 per cent of GDP) on account of lower import payments. Import payments (f.o.b) fell by 2.2 per cent to $860.1m, mainly attributable to declines in the importation of manufactured goods and machinery and transport equipment consistent with the estimated contraction in economic activity.

Concurrently, export receipts fell by 2.1 per cent to $130.0m, reflecting declines in both domestic exports and re-exports. Domestic exports fell by 7.0 per cent attributed to the continued decline in rice exports (13.7 per cent). This was tempered by increases in the exports of beer (28.3 per cent) and flour (7.2 per cent). Re-exports contracted by 9.9 per cent due to a fall in the re-export of machinery and transport equipment. On the services account, net inflows rose by 3.4 per cent to $99.4m, largely attributed to a narrowing of the transportation deficit.



On the capital and financial account, net inflows declined by 5.8 per cent to $653.6m (33.2 per cent of GDP) from $693.9m (35.8 per cent of GDP) in 2013. The decline primarily reflected developments on the financial account. Net inflows on the financial account contracted by 8.2 per cent to $588.0m mainly associated with declines in foreign direct investment (13.4 per cent), portfolio flows and public sector long-term loans (30.0 per cent). This was partially offset by larger net inflows of commercial banks amounting to $46.9m from a deficit position of $19.5m in 2013.

Prospects

A gradual recovery in real economic activity is expected for St Vincent and the Grenadines in 2015. This outlook is contingent on developments in the global economy, particularly, the economies of its key trading partners. Despite the weaker global growth forecast for 2015, the better outlook for the USA and the UK economies is expected to improve external demand for St Vincent and the Grenadines exports in 2015. Concurrently, the sharp decline in energy prices is also expected to support global growth by increasing disposable incomes which could in turn positively impact domestic output in tourism, manufacturing and their ancillary sectors.

Construction activity is expected to rebound in 2015 as several public and private sector projects get underway. Public sector projects will continue to be primarily focused on infrastructural development including the completion of the Argyle International Airport, the South Leeward Highway, Hurricane Tomas Emergency Recovery project and the Regional Disaster Vulnerability Reduction project. In the private sector, work is expected on the construction and expansion of a number of tourism plants. In addition, it is projected that a number of private sector projects are likely to ensue following the completion of the Argyle International Airport.

A recovery in the pace of activity in the tourism industry is projected, with a forecasted increase in stay-over arrivals and cruise ship calls likely to contribute to an increase in gross travel receipts. The likely expansion in construction activity is projected to have a positive impact on the non-traded sectors such as wholesale and retail trade and transport, storage and communications. Activity in the agricultural sector is expected to pick up slightly, with some recovery in banana production. Given the low price of oil and projected improvement in external demand, manufacturing value-added is forecasted to remain robust. Inflationary pressures are also expected to remain subdued reflecting lower international energy prices.

With respect to the fiscal accounts, the central government's overall deficit is expected to widen due to an increase in capital expenditure associated with the capital programme. Debt service payments are projected to increase consistent with the expected accumulation of debt to finance the overall deficit and capital expenditure. Current revenue is likely to increase in 2015 consistent with the expected expansion in economic activity, the introduction of three new tax measures and ongoing efficiency in tax administration. A one percentage point increase in the customs service charge to 5.0 per cent, additional tariffs on selected products under Article 164 of the Revised Treaty of Chaguaramas as well as an increase in the rate of excise duty on cigarettes were among the tax measures introduced in the 2015 budget address.

Monetary liabilities and domestic credit are projected to expand in keeping with the anticipated expansion in economic activity.

In the external sector, the current account deficit is projected to widen owing to an increase in import payments associated with the expected expansion in economic activity. An increase is similarly expected in the value of domestic exports, influenced by positive developments in the agricultural and manufacturing sectors. The improved outlook for key trading partners is likely to stimulate a recovery in gross travel receipts, foreign direct investment and remittances which would contribute to an overall surplus on the balance of payments.

There are however considerable risks associated with this outlook. There is still significant uncertainty regarding a recovery in the global economy, particularly among a number of advanced and emerging economies. While the IMF notes a divergence between the USA and other advanced countries, the USA may be unable to avoid the contagion effects from these economies which could subsequently derail US economic growth. Additionally, continuing geo-political tensions and the uncertainty related to commodity price developments could potentially disrupt the economic momentum at both the global and domestic levels. In the domestic economy, slow implementation of public sector infrastructure projects, weak private sector investment and adverse weather could adversely affect the growth potential of St Vincent and the Grenadines.

NOTES ON STATISTICAL TABLES AND MONETARY SURVEY

GENERAL

All figures have been rounded to either the nearest whole number or the first decimal place (except in cases where values are small and need to be rounded off at two decimal places instead).

--	denotes 'nil'
0.0	denotes 'negligible'
n.a.	denotes 'not available'
**	denotes 'not applicable'
R	denotes 'revised'
P	denotes 'provisional'
E	denotes 'ECCB estimates'

Some figures may differ from those in previous publications because of subsequent revision based on more accurate data.

MONETARY SURVEY

1. Central government represents central and local government.

   1.1 Domestic Credit to Central Government (net)

   Central Bank and commercial banks' total holdings of Treasury bills and Debentures

   plus Central Bank and commercial banks' loans and advances to central government

   plus Central Bank interest due on Securities

   minus Total central government deposits held with the Central Bank and commercial banks

   minus Sinking Fund Call Account and Government Operating Account held with the Central Bank

2. Other Public Sector represents national insurance (social security scheme) and non-financial public enterprises.
3. Private sector represents households, private businesses, nonbank financial institutions and subsidiaries and affiliates.
4. Currency = Total currency liabilities of the Central Bank <u>less</u> commercial banks' holdings of local currency cash.
5. Demand Deposits = Total residents' demand deposits of households, private businesses, non-bank financial institutions and subsidiaries and affiliates.
6. Savings Deposits = Total residents' savings deposits of households, private businesses, nonbank financial institutions and subsidiaries and affiliates.
7. Time Deposits = Total residents' time deposits of households, private businesses, nonbank financial institutions and subsidiaries and affiliates.
8. Foreign Currency Deposits = Total residents' foreign currency deposits of households, private businesses, nonbank financial institutions and subsidiaries and affiliates.

S T A T I S T I C A L T A B L E S I N D E X

GRENADA

MONTSERRAT

ST KITTS AND NEVIS

SAINT LUCIA

ST VINCENT AND THE GRENADINES

Table 1
ECCU - Selected Economic Indicators

	2010	2011	2012	2013	2014
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	(1.14)	1.75	2.73	2.68	3.59
Real GDP at Basic Prices	(3.33)	(0.18)	0.29	1.13	1.28
GDP Deflator	2.27	1.93	2.43	1.53	2.28
Consumer Prices (end of period)	4.42	4.65	2.46	(0.19)	1.48
Consumer Prices (period average)	3.66	4.11	2.79	1.03	1.21
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	(15.79)	0.31	6.15	3.56	4.66
Fishing	(2.32)	8.64	2.14	2.82	(0.86)
Manufacturing	(7.23)	(0.71)	(0.62)	(2.91)	0.37
Mining & Quarrying	(21.60)	(11.44)	7.34	8.40	9.21
Electricity & Water	1.14	2.02	(0.75)	(1.16)	(0.40)
Construction	(15.98)	(9.40)	(3.71)	3.42	(4.44)
Wholesale and Retail	(3.79)	(0.39)	0.78	(1.29)	1.49
Hotels and Restaurants	1.05	2.49	1.29	2.18	4.15
Transport, Storage and Communications	(0.89)	(1.06)	(2.92)	(1.04)	2.84
Transport and Storage	(1.39)	(1.88)	(1.02)	0.14	4.31
Communications	(0.10)	0.21	(5.83)	(2.93)	0.42
Financial Intermediation	(6.51)	0.88	(0.07)	(0.88)	0.74
Real Estate, Renting and Business Activities	2.63	1.26	0.79	2.89	0.69
Public Administration, Defence & Compulsory Social Security	1.88	3.08	2.60	2.06	1.06
Education	(1.07)	(0.25)	2.89	4.56	2.62
Health and Social Work	2.02	2.85	2.23	0.86	1.62
Other Services	1.25	4.12	1.50	(2.91)	1.60
FISIM	0.52	1.62	(0.64)	(3.63)	0.18
Import Cover Ratio	11.40	13.12	14.06	14.33	17.32
	(In percent of GDP)				
External Sector					
Current Account Balance	(20.03)	(18.11)	(17.18)	(16.82)	(14.41)
Overall Balance	1.89	1.08	1.97	1.02	4.00
Merchandise Trade Balance	(33.80)	(34.13)	(32.86)	(32.81)	(31.34)
External Debt (end-of-period)	42.36	43.33	42.73	45.15	43.85
Central Government					
Current Account Balance	(0.23)	(0.08)	(0.12)	0.49	1.45
Current Revenue	23.36	24.07	23.63	24.39	24.79
Current Expenditure	23.59	24.14	23.75	23.90	23.33
Capital Expenditure and Net Lending	4.86	5.60	4.73	6.53	5.43
Overall Fiscal Balance	(2.24)	(3.16)	(2.18)	(3.38)	(1.16)
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	3.16	3.06	3.04	2.85	2.58
Weighted Lending Interest Rates	9.48	9.53	8.91	8.94	8.80
	(in millions of EC dollars, unlesss otherwise stated)				
Memo					
Nominal GDP at Factor Cost	12,373.98	12,590.47	12,934.34	13,280.50	13,756.64
Real GDP at Factor Cost	11,074.55	11,054.66	11,086.92	11,211.91	11,355.21
Nominal GDP at Market Prices	14,422.09	14,770.69	15,109.99	15,475.58	16,162.92
Merchandise Imports (f.o.b)	5,997.88	6,018.86	6,041.73	6,157.54	6,057.77
Merchandise Exports (f.o.b)	1,122.57	977.73	1,076.45	1,080.56	993.09
Gross Visitor Expenditure	2,950.69	3,126.34	3,139.94	3,224.60	3,446.28
GDP per capita (EC$)	20,263.85	20,590.24	20,944.16	21,559.41	22,145.03

Source: ECCU Central Statistics Offices and Eastern Caribbean Central Bank
Data as at 25 February 2015

Table 2
ECCU - Consolidated Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013	2014
CURRENT REVENUE	**3,368.72**	**3,554.66**	**3,570.64**	**3,773.82**	**4,006.16**
Tax Revenue	2,937.23	3,068.14	3,071.70	3,116.83	3,365.18
Taxes on Income and Profits [1/]	669.00	671.99	669.21	653.62	698.05
of which:					
Personal [2/]	275.87	301.79	316.91	317.23	343.84
Company[3/]	326.00	288.01	270.22	236.35	255.30
Taxes on Property	61.74	58.16	67.77	73.22	84.30
Taxes on Domestic Goods & Services	1,079.12	1,257.43	1,322.75	1,495.85	1,612.68
of which:					
Accommodation Tax	50.08	54.17	55.35	16.81	18.92
Licenses	109.69	103.75	103.44	139.16	125.39
Sales Tax [4/]	179.46	197.34	227.61	209.40	229.20
Consumption Tax [5/]	15.68	7.64	6.66	1.05	0.36
Value Added Tax [6/]	418.93	560.80	612.69	857.93	927.74
Taxes on International Trade & Transactions	1,127.37	1,080.56	1,011.96	894.15	970.14
of which:					
Consumption Tax [7/]	220.34	154.16	115.77	40.48	51.75
Import Duties	417.91	425.12	417.72	416.24	445.96
Customs Service Charge [7/]	185.30	200.61	196.51	197.39	210.12
Non-Tax Revenue	431.49	486.52	498.94	656.99	640.98
CURRENT EXPENDITURE	**3,402.45**	**3,565.94**	**3,589.29**	**3,698.39**	**3,771.37**
Personal Emoluments	1,512.93	1,546.11	1,582.75	1,653.05	1,672.21
Goods and Services	708.07	748.89	713.73	790.42	747.74
Interest Payments	423.99	434.60	466.68	437.83	472.16
Domestic	252.52	246.16	275.60	257.90	266.95
External	171.48	188.44	191.08	179.92	205.22
Transfers and Subsidies	757.47	836.34	826.14	817.10	879.25
Pensions	251.74	253.29	288.03	289.70	292.82
Current Account Balance (before grants)	**(33.74)**	**(11.28)**	**(18.65)**	**75.43**	**234.79**
Capital Revenue	**27.27**	**24.72**	**26.02**	**60.48**	**36.59**
Grants	**383.13**	**346.77**	**377.98**	**350.31**	**419.13**
Current Grants	164.45	137.53	109.31	75.84	96.18
Capital Grants	218.68	209.24	268.67	274.47	322.95
Capital Expenditure and Net Lending	**700.43**	**827.57**	**714.35**	**1,010.03**	**877.36**
Captial Expenditure	696.60	801.18	715.21	1,008.68	876.31
Primary Balance after grants	**100.23**	**(32.76)**	**137.67**	**(85.98)**	**285.32**
Overall Balance after grants	**(323.76)**	**(467.36)**	**(329.01)**	**(523.81)**	**(186.84)**
Financing	**323.76**	**467.36**	**329.01**	**523.81**	**186.84**
Domestic	(282.14)	204.96	(4.67)	224.73	(45.76)
ECCB(net)	(83.87)	70.40	(93.80)	54.37	(63.55)
Commercial Banks(net)	(675.46)	406.79	(3.92)	(698.70)	(147.86)
Other	477.20	(272.24)	93.05	869.06	165.66
External	572.69	282.43	168.58	244.11	94.40
Net Amortisation	500.24	242.16	131.07	247.37	102.96
Disbursement	888.34	568.48	464.08	586.31	503.33
Amortisation	(388.11)	(326.32)	(333.01)	(338.94)	(400.38)
Change in Govt. Foreign Assets	72.46	40.27	37.51	(3.26)	(8.56)
Other Foreign Financing [7/]	-	-	-	-	-
Arrears	(1,162.50)	(20.03)	64.41	54.96	138.20
Domestic	(903.43)	(19.27)	113.02	(12.17)	45.16
External	(259.07)	(0.76)	(48.61)	67.13	93.04
Other Financing (residual)	1,195.71	-	100.69	-	-

Source: ECCU Ministries of Finance and Eastern Caribbean Central Bank
/1 Taxes on Income & Profits include stabilization levy collected in Anguilla
/2 Included is a Social Services Levy which is applied in St. Kitts & Nevis; not collected in Anguilla.
/3 Excludes Anguilla
/4 Includes data for Antigua and Barbuda, and Dominica
/5 Excludes Anguilla, Antigua and Barbuda, and Montserrat
/6 Includes Dominica, Grenada, St Kitts and Nevis, and St Vincent and the Grenadines
/7 Excludes Anguilla
Data as at 25 February 2015

Table 3
ECCU - Monetary Survey
(EC$M at end of period)

	2009	2010^R	2011^R	2012^R	2013^R	2014^P
Net Foreign Assets	**1,895.29**	**2,148.33**	**2,052.89**	**2,653.67**	**3,481.20**	**4,961.32**
Central Bank (net)	**2,156.97**	**2,498.31**	**2,717.94**	**3,031.40**	**3,149.94**	**3,804.49**
External Assets	2,162.25	2,500.52	2,720.52	3,036.61	3,156.59	3,810.30
External Liabilities	5.29	2.20	2.58	5.21	6.64	5.81
Commercial Banks (net)	(261.68)	(349.99)	(665.05)	(377.73)	331.26	1,156.83
External Assets	4,015.13	3,199.56	3,863.51	4,045.46	4,205.66	4,941.23
External Liabilities	4,276.81	3,549.54	4,528.56	4,423.20	3,874.41	3,784.40
Net Domestic Assets	**10,307.95**	**10,370.20**	**10,855.20**	**10,697.12**	**10,499.40**	**9,850.41**
Domestic Credit	**12,702.76**	**12,549.17**	**12,724.01**	**12,654.08**	**12,187.19**	**11,394.47**
Central Government (net)	1,642.56	883.22	1,360.42	1,262.70	618.38	407.11
Other Public Sector (net)	(1,264.62)	(935.16)	(1,418.06)	(1,552.86)	(1,637.26)	(1,910.90)
Private Sector	12,324.83	12,601.11	12,781.65	12,944.24	13,206.06	12,898.26
Households	6,137.77	6,290.85	6,363.55	6,636.06	6,680.89	6,840.02
Business	5,767.36	5,927.54	6,012.72	5,974.82	5,676.75	5,039.66
Non-Bank Financial Institution	134.37	124.87	146.53	167.12	149.49	96.34
Subsidiaries & Affiliates	285.33	257.84	258.86	166.24	698.93	922.24
Other Items (Net)	**(2,394.82)**	**(2,178.97)**	**(1,868.82)**	**(1,956.97)**	**(1,687.78)**	**(1,544.06)**
Monetary Liabilities (M2)	**12,203.24**	**12,518.53**	**12,908.09**	**13,350.78**	**13,980.60**	**14,811.73**
Money Supply (M1)	2,532.42	2,582.87	2,698.23	2,810.39	2,880.45	3,188.71
Currency with the Public	621.37	616.08	634.59	633.82	667.57	715.80
Demand Deposits	1,841.05	1,885.96	1,989.09	2,110.32	2,142.53	2,392.33
EC$ Cheques and Drafts Issued	69.99	80.84	74.54	66.25	70.34	80.59
Quasi Money	9,670.82	9,935.66	10,209.86	10,540.39	11,100.15	11,623.01
Savings Deposits	5,222.29	5,282.14	5,483.66	5,896.02	6,327.07	6,716.19
Time Deposits	2,705.37	2,893.30	3,008.66	2,906.12	2,802.93	2,594.63
Foreign Currency Deposits	1,743.16	1,760.21	1,717.55	1,738.25	1,970.15	2,312.20

Source: Eastern Caribbean Central Bank
Data available as at 04 March 2015

Table 4
ECCU - Selected Tourism Statistics

	2010	2011	2012	2013	2014
Total Visitors	3,864,592	3,775,446	3,467,965	3,454,227	3,796,069
Stay-Over Visitors	951,846	986,196	991,804	1,004,650	1,063,385
USA	370,340	378,112	385,630	401,808	431,459
Canada	75,358	83,358	90,562	96,943	105,745
UK	189,449	201,479	201,242	193,180	203,468
Caribbean	215,759	219,344	208,101	207,969	199,824
Other Countries	100,940	103,903	106,269	104,750	122,889
Excursionists	77,909	80,654	89,381	102,120	123,032
Cruise Ship Passengers/1	2,705,962	2,581,320	2,252,860	2,211,377	2,468,365
Yacht Passengers/2	128,875	127,276	133,920	136,080	141,287
Number of Cruise Ship Calls/3	1,585	1,537	1,462	1,484	1,640
Total Visitor Expenditure (EC$M)	**2,950.69**	**3,125.89**	**3,140.80**	**3,224.66**	**3,446.38**

Source: ECCU Central Statistics Offices, Tourist Boards and Eastern Caribbean Central Bank

/1 Cruiseship passengers excludes Anguilla but includes Excursionists for Antigua and Barbuda

/2 Yacht passengers excludes Anguilla

/3 Cruiseship calls excludes Anguilla

Data as at 25 February 2015

Table 5
ECCU - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013	2014
CURRENT ACCOUNT	**(2,889.33)**	**(2,675.47)**	**(2,595.63)**	**(2,602.89)**	**(2,329.20)**
Goods and Services	(2,890.52)	(2,756.73)	(2,598.60)	(2,626.64)	(2,359.41)
Goods	(4,765.60)	(4,868.71)	(4,798.23)	(4,918.69)	(4,905.31)
Merchandise	(4,875.32)	(5,041.13)	(4,965.28)	(5,076.98)	(5,064.68)
Repair on goods	0.76	0.36	0.32	0.40	0.40
Goods procured in ports by carriers	108.96	172.06	166.73	157.89	158.97
Services	1,875.08	2,111.98	2,199.63	2,292.05	2,545.89
Transportation	(426.61)	(462.26)	(438.65)	(467.76)	(459.47)
Travel	2,503.17	2,685.85	2,714.62	2,787.33	2,993.85
Insurance Services	(188.42)	(176.09)	(169.67)	(181.79)	(176.31)
Other Business Services	(51.74)	(36.65)	(60.53)	(142.27)	(135.86)
Government Services	38.68	101.14	153.87	296.54	323.68
Income	(439.83)	(399.89)	(463.30)	(363.88)	(395.89)
Compensation of Employees	50.63	46.40	44.88	45.17	46.26
Investment Income	(490.47)	(446.29)	(508.18)	(409.06)	(442.15)
Current Transfers	441.03	481.15	466.27	387.63	426.11
General Government	161.01	194.50	190.85	127.41	156.00
Other Sectors	280.01	286.66	275.42	260.22	270.10
CAPITAL & FINANCIAL ACCOUNT	**3,162.39**	**2,835.67**	**2,893.60**	**2,759.97**	**2,975.81**
Capital Account	807.61	693.74	878.32	709.66	825.12
Capital Transfers	807.61	693.74	878.32	709.66	825.12
General Government	564.22	402.61	559.19	340.26	438.93
Other Sectors	243.40	291.13	319.13	369.40	386.19
Acquisition & Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	2,354.78	2,141.93	2,015.28	2,050.31	2,150.69
Direct Investment	1,434.18	1,186.65	1,448.96	1,797.07	1,642.45
Portfolio Investment	4.09	87.27	146.94	312.55	30.06
Other Investments	916.51	868.01	419.38	(59.31)	478.18
Public Sector Long Term	835.03	134.96	1.39	611.86	283.62
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	88.31	315.06	(287.32)	(708.99)	(825.66)
Other Assets	220.53	181.45	106.58	(191.13)	154.90
Other Liabilities [1/]	(227.35)	236.54	598.73	228.95	865.32
Overall Balance	**273.06**	**160.20**	**297.97**	**157.08**	**646.61**
Financing	**(273.06)**	**(160.20)**	**(297.97)**	**(157.08)**	**(646.61)**
Change in SDR holdings	79.12	37.46	(15.34)	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	(6.86)	3.56	37.51	(3.30)	(8.56)
Change in ECCU's Net Foreign Assets [2/]	(345.31)	(201.22)	(320.15)	(153.79)	(638.05)

Source: ECCU Central Statistics Offices and Eastern Caribbean Central Bank
[1/] includes errors & omissions
[2/] adjusted for valuation changes
Data as at 25 February 2015

Table 6
ECCU - Total Public Sector Disbursed Outstanding Debt (DOD)*
(In millions of Eastern Caribbean dollars)
at end of period

	2010^{R}	2011^{R}	2012^{R}	2013^{R}	2014^{P}
Anguilla	234.91	229.50	234.01	231.64	221.95
Antigua and Barbuda	2,613.24	2,843.98	2,840.56	3,084.07	3,303.46
Dominica	920.47	912.59	1,018.28	1,053.47	1,076.55
Grenada	1,946.09	2,074.32	2,189.67	2,330.43	2,359.76
Montserrat	8.69	7.93	7.40	6.83	6.26
St Kitts and Nevis	2,762.56	2,848.94	2,725.60	2,135.11	1,755.20
Saint Lucia	2,119.29	2,372.78	2,610.76	2,754.60	2,891.38
St Vincent and the Grenadines	1,236.98	1,276.08	1,361.57	1,476.91	1,561.42
TOTAL ECCU	**11,842.23**	**12,566.12**	**12,987.85**	**13,073.06**	**13,175.98**

Source: ECCU
* Includes arrears of principal
Data available at February 2015

Table 7
ECCU - Central Government Disbursed Outstanding Debt (DOD)
(In millions of Eastern Caribbean dollars)
at end of period

	2010^{R}	2011^{R}	2012^{R}	2013^{R}	2014^{P}
Anguilla	217.18	213.12	217.33	216.77	209.20
Antigua and Barbuda	2,308.33	2,376.00	2,362.16	2,509.83	2,704.97
Dominica	755.89	738.99	847.46	881.00	916.27
Grenada	1,752.30	1,846.59	1,972.88	2,127.75	2,182.66
Montserrat	2.34	2.01	1.81	1.63	1.44
St Kitts and Nevis	1,866.90	2,320.69	2,154.82	1,655.81	1,484.68
Saint Lucia	1,835.44	2,108.97	2,389.19	2,558.69	2,728.52
St Vincent and the Grenadines	1,020.37	1,067.37	1,145.10	1,237.56	1,336.17
TOTAL ECCU	**9,758.74**	**10,673.73**	**11,090.75**	**11,189.04**	**11,563.92**

Source: ECCU
Data available at February 2015

Table 8
ECCU - Total Central Government Debt Service Payments
(In millions of Eastern Caribbean dollars)

	2010^{R}	2011^{R}	2012^{R}	2013^{R}	2014^{P}
Anguilla	215.84	10.18	14.98	15.71	16.07
Antigua and Barbuda	222.60	197.81	226.00	232.24	228.90
Dominica	33.52	50.38	53.03	47.96	56.96
Grenada	90.93	125.28	139.08	153.45	220.83
Montserrat	0.19	0.16	0.14	0.15	0.15
St Kitts and Nevis	218.26	326.81	233.25	143.37	223.80
Saint Lucia	290.71	192.16	223.99	321.22	378.03
St Vincent and the Grenadines	166.61	115.86	117.43	131.80	132.29
TOTAL ECCU	**1,238.65**	**1,018.65**	**1,007.90**	**1,045.89**	**1,257.03**

Source: ECCU
Data available at February 2015

Table 9
ECCU - Participation on the RGSM

	2010^R	2011^R	2012^R	2013^R	2014^P
Treasury Bills					
Number of Auctions	27	31	44	43	47
Amount Raised (EC$M)	482.5	589.7	811.2	832.4	958.6
Subscriptions (EC$M)	612.5	917.2	1101.5	1083.3	1178.4
Bonds					
Number of Auctions	7	2	7	10	9
Amount Raised (EC$M)	239.1	25.5	260.0	234.9	220.8
Subscriptions (EC$M)	239.5	26.7	270.6	235.9	225.5
Total number of auctions	34	33	51	53	56
Total Amounts Raised (EC$M	721.6	615.3	1071.2	1067.4	1179.5
Total Subscriptions (EC$M)	852.1	943.9	1372.1	1319.2	1403.9

Source: Eastern Caribbean Central Bank
Data as at 04 March 2015

Table 10
ECCU - Average Weighted Interest Rates on the RGSM (%)

	2010^R	2011^R	2012^R	2013^R	2014^P
91-day Treasury Bill	5.08	4.55	4.43	3.94	3.68
180-day Treasury Bill	4.75	4.75	5.79	6.00	5.01
365-day Treasury Bill	6.19	6.08	6.24	5.93	6.21
2-year Bonds	**	**	**	**	4.50
3-year Bonds	4.47	**	**	6.75	5.25
4-year Bonds	**	**	6.00	**	**
5-year Bonds	6.80	7.50	6.99	7.25	6.46
6-year Bonds	7.25	**	**	6.90	**
7-year Bonds	**	**	7.00	7.34	7.28
8-year Bonds	7.50	**	7.10	7.10	**
10-year Bonds	**	7.75	7.48	7.32	7.50
15-year Bonds	**	**	**	**	7.95

Source: Eastern Caribbean Central Bank
Data as at 04 March 2015

Table 11
Anguilla - Selected Economic Indicators

	2010	2011	2012	2013	2014
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	(6.43)	3.36	0.72	3.32	4.53
Real GDP at Basic Prices	(5.77)	(1.50)	(1.85)	0.40	1.94
GDP Deflator	(0.70)	4.93	2.62	2.92	2.54
Consumer Prices (end of period)	0.85	4.37	(0.34)	0.76	(0.93)
Consumer Prices (period average)	1.03	4.72	1.41	0.15	(0.25)
Real GDP at Basic Prices by Selected Sectors:					
Agriculture, Livestock and Forestry	19.34	(9.52)	(12.75)	5.21	6.55
Fishing	(7.14)	34.49	10.60	(18.19)	1.50
Manufacturing	(50.33)	(1.54)	0.38	(1.35)	2.00
Mining and Quarrying	(56.62)	(5.43)	(9.04)	(8.63)	2.00
Electricity and Water	6.65	(2.88)	(10.63)	(6.43)	4.17
Construction	(23.70)	(18.00)	8.84	4.28	2.00
Wholesale and Retail Trade	(16.32)	(5.01)	7.93	(4.17)	1.50
Hotels and Restaurants	5.74	6.55	(4.78)	6.22	3.50
Transport, Storage and Communications	(7.05)	(3.12)	(6.90)	(0.84)	3.98
Transport and Storage	(15.76)	(3.97)	0.53	11.74	9.67
Communications	(0.56)	(2.59)	(11.53)	(9.73)	(1.00)
Financial Intermediation	(0.25)	(1.14)	(2.50)	(4.12)	(1.10)
Real Estate, Renting and Business Activities	0.21	0.61	(4.65)	2.03	1.84
Public Administration, Defence & Compulsory Social Security	1.30	(8.17)	(0.56)	(0.15)	0.50
Education	1.01	8.80	7.23	7.15	0.61
Health and Social Work	(6.14)	(0.69)	(12.11)	(3.52)	0.66
Other Services	4.92	(2.50)	0.89	2.07	1.50
FISIM	3.57	5.71	(5.57)	(0.42)	2.50
Import Cover Ratio	4.22	3.68	3.57	4.79	4.08
	(In percent of GDP)				
External Sector					
Current Account Balance	(18.87)	(12.58)	(19.12)	(17.24)	(17.60)
Overall Balance	0.93	(0.79)	0.82	0.36	2.04
Merchandise Trade Balance	(44.49)	(41.26)	(42.86)	(43.24)	(42.97)
External Debt (end-of-period)	24.33	21.84	22.58	21.86	20.31
Central Government					
Current Account Balance	(4.19)	3.91	1.23	(0.30)	1.19
Current Revenue	21.52	25.72	23.40	22.17	22.75
Current Expenditure	25.71	21.81	22.17	22.47	21.55
Capital Expenditure and Net Lending	0.43	1.20	1.24	1.06	0.41
Overall Fiscal Balance	0.05	2.71	1.51	0.65	2.57
	(in per cent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	3.40	2.87	3.49	3.31	2.97
Weighted Lending Interest Rates	10.46	10.14	9.19	9.17	9.25
	(in millions of EC dollars, unlesss otherwise stated)				
Memo					
Nominal GDP at Basic Prices	622.27	643.15	647.76	669.28	699.62
Real GDP at Basic Prices	574.62	566.00	555.52	557.71	568.56
Nominal GDP at Market Prices	724.60	797.23	768.74	782.25	826.69
Merchandise Imports (f.o.b)	355.96	347.86	348.48	344.18	360.30
Merchandise Exports (f.o.b)	33.56	18.88	18.98	5.92	10.11
Gross Visitor Expenditure	268.38	301.70	304.52	331.56	344.60
GDP per Capita (EC$)	44,256	61,152	57,322	56,689	58,738

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism and Eastern Caribbean Central Bank
Data as at 25 February 2015

Table 12
Anguilla - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013	2014
Current Revenue	155.93	205.04	179.89	173.41	188.04
Tax Revenue	115.91	180.71	155.13	147.47	156.31
Taxes on Income and Profit	-	8.20	13.86	12.77	13.21
of which: Stabilisation Levy	-	8.20	13.86	12.77	13.21
Taxes on Property	1.50	2.85	3.91	3.62	4.46
Taxes on Domestic Goods and Services	53.95	104.16	66.03	52.45	58.21
of which:					
Licenses	11.53	11.22	11.93	13.52	12.33
Accommodation Tax	11.85	20.51	18.58	13.62	16.11
Stamp Duties	17.92	55.40	18.22	9.37	12.97
Taxes on International Trade and Transactions	60.46	65.50	71.33	78.62	80.43
of Which:					
Import Duty	51.59	53.41	53.61	56.77	61.80
Customs Surcharge	2.47	11.32	14.72	15.89	16.48
Embarkation Tax	4.68	-	2.12	4.97	1.19
Non-tax Revenue	40.02	24.33	24.75	25.94	31.72
Current Expenditure	186.27	173.85	170.43	175.78	178.17
Personal Emoluments	88.62	80.46	79.91	80.32	81.15
Goods and Services	39.23	38.74	38.33	40.45	42.20
Interest Payments	10.97	9.12	8.35	9.11	9.39
Domestic	8.78	2.65	2.42	3.08	3.09
External	2.18	6.47	5.93	6.03	6.30
Transfers and Subsidies	47.45	45.52	43.84	45.91	45.43
of which: Pensions	8.93	8.11	7.77	8.21	7.95
Current Account Balance	(30.34)	31.19	9.46	(2.37)	9.87
Capital Revenue	-	-	-	-	-
Grants					
Of which Capital Grants	33.83	-	11.64	15.72	14.82
Capital Expenditure and Net Lending	3.13	9.55	9.51	8.27	3.43
Of which: Capital Expenditure	3.13	9.55	9.51	8.27	3.43
Primary Balance before grants	(22.50)	30.76	8.29	(1.53)	15.83
Primary Balance after grants	11.33	30.76	19.93	14.19	30.65
Overall Balance before grants	(33.47)	21.64	(0.05)	(10.64)	6.44
Overall Balance after grants	0.37	21.64	11.59	5.08	21.26
Financing	(0.37)	(21.64)	(11.59)	(5.08)	(21.26)
Domestic	(113.60)	(21.58)	(7.49)	(4.03)	(20.26)
ECCB (net)	(13.90)	(3.12)	5.71	0.14	(0.04)
Commercial Banks (net)	(162.27)	(4.33)	(9.21)	(8.27)	(8.67)
Other	62.57	(14.13)	(3.99)	4.10	(11.55)
External	127.48	(1.06)	(1.08)	(1.04)	(1.12)
Net Disbursements/(Amortisation)	127.48	(1.06)	(1.08)	(1.04)	(1.12)
Disbursements	148.50	-	-	-	-
Amortisation	(21.02)	(1.06)	(1.08)	(1.04)	(1.12)
Change in Government Foreign Assets	-	-	-	-	-
Arrears	(14.25)	1.00	(3.02)	(0.01)	0.12
Domestic	(14.25)	1.00	(3.02)	(0.01)	0.12
External	-	-	-	-	-
Other financing					

Source: Treasury Department, Anguilla and the Eastern Caribbean Central Bank
Data as at 25 February 2015

Table 13
Anguilla - Monetary Survey
(EC$M at end of period)

	2009	2010	2011	2012	2013	2014[P]
Net Foreign Assets	**37.74**	**196.81**	**187.12**	**186.28**	**233.83**	**263.46**
Central Bank (Net)	**101.37**	**108.09**	**101.76**	**108.04**	**110.82**	**127.66**
Commercial Banks (Net)	(63.63)	88.71	85.36	78.24	123.01	135.80
External (Net)	36.34	31.54	7.70	12.11	77.39	31.26
Assets	305.08	293.22	224.86	224.43	203.04	182.71
Liabilities	268.75	261.68	217.16	212.33	125.65	151.45
Other ECCB Territories (Net)	(99.97)	57.17	77.66	66.14	45.62	104.54
Assets	131.36	168.39	195.69	173.75	135.07	157.56
Liabilities	231.33	111.21	118.03	107.61	89.45	53.02
Net Domestic Assets	**1,036.81**	**865.55**	**827.44**	**821.31**	**797.07**	**776.88**
Domestic Credit	**1,376.39**	**1,231.92**	**1,199.03**	**1,123.55**	**1,053.11**	**983.29**
Central Government (Net)	129.30	(46.87)	(54.32)	(57.81)	(65.95)	(74.52)
Other Public Sector (Net)	(162.54)	(133.75)	(160.81)	(184.35)	(198.64)	(210.23)
Private Sector	1,409.62	1,412.54	1,414.16	1,365.72	1,317.70	1,268.04
Household	666.85	613.69	594.13	565.42	539.74	521.37
Business	717.99	777.08	794.05	776.95	751.46	724.74
Non-Bank Financial Institutior	6.49	5.69	6.96	5.67	5.30	4.13
Subsidiaries & Affiliates	18.30	16.08	19.02	17.68	21.20	17.80
Other Items (Net)	**(339.57)**	**(366.37)**	**(371.60)**	**(302.24)**	**(256.04)**	**(206.42)**
Monetary Liabilities (M2)	**1,074.55**	**1,062.36**	**1,014.55**	**1,007.59**	**1,030.90**	**1,040.34**
Money Supply (M1)	**49.48**	**42.09**	**45.43**	**42.62**	**43.06**	**51.51**
Currency with the Public	16.40	11.62	11.22	11.19	12.21	12.31
Demand Deposits	31.95	28.55	31.78	29.93	30.13	38.35
EC$ Cheques and Drafts Issued	1.13	1.92	2.43	1.51	0.73	0.85
Quasi Money	**1,025.08**	**1,020.27**	**969.12**	**964.96**	**987.83**	**988.84**
Savings Deposits	101.18	102.16	98.41	106.24	107.84	121.66
Time Deposits	102.41	118.74	124.48	127.03	130.09	134.50
Foreign Currency Deposits	821.49	799.37	746.24	731.69	749.90	732.68

Source: Eastern Caribbean Central Bank
Data available as at 25 February 2015
[R]Revisions included changes to Imputed Reserves calculation

Table 14
Anguilla - Selected Tourism Statistics

	2010	2011	2012	2013	2014
Total Visitor Arrivals	118,716	123,558	129,391	151,303	174,805
Stay-Over Arrivals	61,998	65,783	64,698	69,068	70,690
Of Which:					
USA	38,882	42,829	41,795	45,510	45,439
Canada	2,403	2,823	3,291	3,575	3,698
UK	2,914	3,118	2,599	2,796	2,760
Caribbean	11,837	10,954	10,181	10,454	11,316
Other Countries	5,962	6,059	6,832	6,733	7,477
Excursionists	56,718	57,775	64,693	82,235	104,115
Total Visitor Expenditure (EC$M)	**268.38**	**301.70**	**304.52**	**331.56**	**344.60**

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism

Data as at 25 February 2015

Table 15
Anguilla - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013	2014
Current Account	**(136.73)**	**(100.26)**	**(147.02)**	**(134.85)**	**(145.53)**
Goods and Services	**(159.61)**	**(126.98)**	**(126.78)**	**(110.48)**	**(119.04)**
Goods	(322.32)	(328.76)	(328.83)	(337.73)	(354.87)
Merchandise	(322.40)	(328.97)	(329.50)	(338.25)	(355.21)
Repair on goods	0.19	0.07	0.07	0.07	0.06
Goods procured in ports by carriers	(0.11)	0.14	0.60	0.45	0.28
Services	162.71	201.78	202.05	227.25	235.83
Transportation	(36.13)	(27.39)	(28.62)	(22.45)	(23.70)
Travel	232.92	266.57	271.75	299.02	310.21
Insurance Services	(5.14)	(5.71)	(5.91)	(6.11)	(6.38)
Other Business Services	(33.93)	(34.84)	(40.55)	(48.06)	(49.12)
Government Services	4.99	3.16	5.38	4.85	4.81
Income	**7.28**	**(0.90)**	**(5.87)**	**(11.48)**	**(11.93)**
Compensation of Employees	11.04	7.47	0.53	(1.43)	(1.52)
Investment Income	(3.77)	(8.38)	(6.41)	(10.04)	(10.42)
Current Transfers	**15.60**	**27.62**	**(14.37)**	**(12.89)**	**(14.56)**
General Government	23.82	45.09	6.70	0.58	0.52
Other Sectors	(8.22)	(17.47)	(21.06)	(13.47)	(15.07)
Capital and Financial Account	**143.45**	**93.92**	**153.30**	**137.64**	**162.38**
Capital Account	**43.62**	**21.20**	**28.48**	**32.05**	**31.27**
Capital Transfers	43.62	21.20	28.48	32.05	31.27
General Government	11.56	0.08	12.55	15.72	14.82
Other Sectors	32.06	21.12	15.93	16.33	16.45
Acquisition & Disposal of Non-Produced Non-Financial Assets	-	-	-	-	-
Financial Account	**99.83**	**72.72**	**124.82**	**105.58**	**131.10**
Direct Investment	30.78	105.07	117.57	113.80	105.29
Portfolio Investment	(4.16)	(3.43)	0.65	1.85	1.77
Other Investments	73.21	(28.92)	6.60	(10.07)	24.04
Public Sector Long Term	123.83	(1.44)	(0.57)	(2.63)	(2.27)
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	(152.34)	3.35	7.12	(44.77)	(12.79)
Other Assets	96.94	(16.69)	(5.21)	13.39	(1.64)
Other Liabilities [1/]	4.78	(14.15)	5.27	23.94	40.74
Overall Balance	**6.72**	**(6.34)**	**6.28**	**2.78**	**16.85**
Financing	**(6.72)**	**6.34**	**(6.28)**	**(2.78)**	**(16.85)**
Change in SDR holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	-	-	-	-	-
Change in Imputed Reserves	(6.72)	6.34	(6.28)	(2.78)	(16.85)

GDP
Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism and Eastern Caribbean Central Bank
Data as at 25 February 2015
[1/] Includes errors & omissions

Table 16
Antigua and Barbuda - Selected Economic Indicators

	2010	2011	2012	2013	2014
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	(7.28)	(0.57)	6.20	1.54	5.34
Real GDP at Basic Prices	(8.53)	(1.87)	3.61	1.82	2.86
GDP Deflator	1.37	1.32	2.50	(0.27)	2.41
Consumer Prices (end of period)	2.92	4.04	1.84	1.06	1.33
Consumer Prices (period average)	3.37	3.46	3.38	1.06	1.09
Real GDP at Basic Prices by Selected Sectors					
Agriculture,Livestock and Forestry	10.87	5.97	(4.08)	(1.52)	2.58
Fishing	(7.15)	22.28	8.94	7.36	(1.00)
Mining and Quarrying	(18.56)	(19.30)	6.26	40.46	20.00
Manufacturing	(8.81)	2.77	(15.23)	10.18	0.50
Electricity and Water	1.10	8.02	(1.41)	(1.98)	(1.61)
Construction	(34.92)	(24.37)	10.06	5.04	6.00
Wholesale and Retail Trade	(7.22)	(7.89)	6.42	(3.02)	8.00
Hotels and Restaurants	(1.13)	4.37	2.22	0.70	2.91
Transport, Storage and Communications	(7.37)	0.18	(0.98)	(3.90)	2.92
Transport	(6.85)	(3.13)	5.45	(6.25)	3.86
Communication	(8.15)	5.10	(9.81)	(0.13)	1.50
Financial Intermediation	(4.72)	0.70	(0.80)	(1.20)	0.73
Real Estate, Renting and Business Activities	6.15	5.42	4.71	4.15	1.67
Public Administration, Defence & Compulsory Social Security	(6.64)	(0.29)	3.47	3.58	(1.38)
Education	(10.24)	0.59	10.70	12.58	0.37
Health and Social Work	1.06	2.81	6.02	(0.85)	(0.95)
Other Services	3.77	6.07	12.51	2.13	1.58
FISIM	(2.40)	1.37	(5.00)	(6.51)	(2.00)
Import Cover Ratio	2.12	1.88	1.92	2.06	3.80
	(In percent of GDP)				
External Sector					
Current Account Balance	(14.72)	(10.39)	(14.57)	(14.64)	(14.24)
Overall Balance	0.91	0.93	0.93	3.53	7.42
Merchandise Trade Balance	(35.78)	(34.12)	(36.89)	(37.66)	(36.50)
Public Sector External Debt (end-of-period)	38.06	41.29	36.94	43.71	40.41
Central Government					
Current Account Balance	(1.20)	(3.88)	(0.76)	(3.17)	(1.64)
Current Revenue	20.86	19.55	19.88	18.44	18.10
Current Expenditure	22.06	23.43	20.64	21.61	19.75
Capital Expenditure and Net Lending	1.75	2.21	0.64	1.33	1.61
Overall Fiscal Balance	(1.38)	(5.25)	(1.34)	(4.46)	(3.21)
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	3.23	3.08	3.01	2.93	2.80
Weighted Lending Interest Rates	10.27	10.16	9.48	9.47	9.50
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Basic Prices	2,628.09	2,613.14	2,775.11	2,817.88	2,968.31
Real GDP at Basic Prices	2,351.40	2,307.51	2,390.79	2,434.24	2,503.87
Nominal GDP at Market Prices	3,065.96	3,050.78	3,252.73	3,241.59	3,426.62
Merchandise Imports (f.o.b)	1,190.92	1,119.33	1,288.70	1,321.06	1,313.20
Merchandise Exports (f.o.b)	94.04	78.38	88.89	100.36	62.32
Gross Visitor Expenditure	803.90	841.77	861.30	848.17	861.86
GDP per capita (EC$)	33,765.66	32,983.18	34,522.30	33,773.91	35,048.08

Source: Statistics Division,Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda
and Eastern Caribbean Central Bank
Data as at 25 February 2015

Table 17
Antigua and Barbuda - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013	2014
Current Revenue	639.6	596.3	646.6	597.8	620.3
Tax Revenue	576.5	551.4	604.2	555.2	582.2
Taxes on Income and Profit	92.4	69.7	77.3	84.7	72.6
of which:					
Personal Income	33.4	34.4	41.9	40.3	37.0
Corporation	58.8	34.3	35.4	44.2	35.6
Taxes on Property	17.7	16.0	20.1	18.3	22.4
Taxes on Domestic Goods and Services	222.8	234.6	275.4	244.7	278.8
of which:					
Antigua and Barbuda Sales Tax	179.3	197.0	227.5	209.3	228.9
Stamp Duties	31.3	29.0	39.1	27.0	30.6
Taxes on International Trade and Transactions	243.5	231.0	231.3	207.6	208.5
of which:					
Import Duty	79.1	78.4	81.0	79.1	79.1
Consumption Tax	30.9	33.2	30.9	29.1	40.0
Embarkation Tax	14.0	15.6	13.5	-	0.2
Passenger Facility Charge	21.7	16.5	15.6	-	-
Revenue Recovery Charge	65.9	68.3	70.5	69.9	76.0
Non-Tax Revenue	63.1	45.0	42.4	42.6	38.1
Current Expenditure	676.2	714.7	671.5	700.7	676.6
Personal Emoluments	272.6	263.9	273.8	276.9	288.6
Goods and Services	125.5	125.7	113.8	147.7	120.1
Interest Payments	72.6	77.3	80.0	66.3	88.9
Domestic	54.8	44.8	64.4	48.6	57.7
External	17.9	32.5	15.6	17.6	31.1
Transfers and Subsidies	205.5	247.8	203.9	209.9	179.0
of Which: Pensions	70.0	64.8	70.7	75.6	59.6
Current Account Balance	(36.6)	(118.4)	(24.8)	(102.8)	(56.3)
Capital Revenue	3.0	3.0	2.2	1.3	1.4
Grants	44.9	22.9	-	-	-
of which: Capital Grants	13.0	22.9	-	-	-
Debt Forgiveness	-	-	-	-	-
Capital Expenditure	53.6	67.5	20.9	43.1	55.1
Primary Balance	30.2	(82.8)	36.5	(78.3)	(21.2)
Overall Balance (before grants)	(87.3)	(182.9)	(43.5)	(144.6)	(110.0)
Overall Balance (after grants)	(42.4)	(160.1)	(43.5)	(144.6)	(110.0)
Financing	42.4	160.1	43.5	144.6	110.0
Domestic	(78.8)	163.7	(96.8)	84.2	145.2
ECCB (net)	(26.9)	40.3	(1.4)	(17.8)	0.7
Commercial Banks (net)	(99.7)	38.0	9.7	(10.4)	(8.9)
Other	47.9	85.4	(105.1)	112.4	153.3
External	139.5	38.5	35.4	79.6	(80.3)
Net Disbursements/(Amortisation)	97.0	38.8	26.5	82.8	(80.7)
Disbursements	169.5	98.7	72.5	138.9	17.0
Amortisation	(72.6)	(59.9)	(46.0)	(56.0)	(97.7)
Change in Govt. Foreign Assets	42.6	(0.4)	8.9	(3.2)	0.4
Arrears	(1,172.0)	(42.1)	4.2	(19.2)	45.2
Domestic	(910.5)	(41.3)	97.0	(27.5)	6.4
External	(261.5)	(0.8)	(92.8)	8.2	38.8
Other Financing	1,153.7	-	100.7	-	-

Source: Ministry of Finance, Treasury Department and ECCB Estimates
Data available at 25 February 2015

Table 18
Antigua and Barbuda - Monetary Survey
In millions of Eastern Caribbean dollars

	2010	2011	2012	2013	2014
Net Foreign Assets	**418.81**	**342.91**	**453.95**	**559.09**	**883.06**
Central Bank (net)	368.29	396.29	435.38	546.72	801.47
Imputed Assets	488.07	529.91	558.03	651.58	908.17
Imputed Liabilities	119.77	133.62	122.65	104.87	106.70
Commercial Banks (net)	50.52	(53.38)	18.57	12.37	81.59
External (net)	(132.03)	(222.01)	(299.26)	(359.60)	(265.85)
Assets	502.29	1,331.69	966.07	594.52	540.00
Liabilities	634.31	1,553.70	1,265.33	954.11	805.84
Other ECCB Territories (net)	182.55	168.63	317.83	371.97	347.44
Assets	969.69	1,180.13	1,298.86	1,393.47	1,418.89
Liabilities	787.15	1,011.50	981.04	1,021.50	1,071.45
Net Domestic Assets	**2,395.49**	**2,457.24**	**2,336.16**	**2,349.35**	**2,128.72**
Domestic Credit	**2,948.00**	**2,861.77**	**2,711.70**	**2,684.34**	**2,610.89**
Central Government (net)	465.42	543.70	552.00	523.80	515.65
Other Public Sector (net)	(61.68)	(124.27)	(216.53)	(109.00)	(56.38)
Private Sector	2,544.26	2,442.34	2,376.23	2,269.54	2,151.63
Households	1,324.22	1,234.30	1,277.24	1,250.66	1,238.91
Business	1,128.51	1,128.52	1,014.33	942.39	846.94
Non-Bank Financial Institutions (NBFI)	19.24	20.55	29.58	30.64	21.78
Subsidiaries & Affiliates	72.30	58.98	55.09	45.85	44.01
Other Items (net)	**(552.51)**	**(404.53)**	**(375.54)**	**(334.99)**	**(482.17)**
MONETARY LIABILITIES (M2)	**2,814.30**	**2,800.15**	**2,790.11**	**2,908.44**	**3,011.78**
MONEY SUPPLY (M1)	618.89	603.09	554.01	597.23	632.21
Currency with the Public	137.74	130.06	121.73	136.59	149.23
Currency in Circulation	172.23	169.95	164.17	180.25	192.31
Cash at Commercial Banks	34.49	39.89	42.44	43.67	43.08
Private Sector Demand Deposits	448.15	447.29	413.33	431.63	450.67
EC$ Cheques and Drafts Issued	33.16	26.15	19.12	29.48	32.64
QUASI MONEY	2,195.41	2,197.06	2,236.10	2,311.21	2,379.57
Private Sector Savings Deposits	964.93	995.61	1,082.44	1,181.61	1,310.85
Private Sector Time Deposits	989.33	995.61	978.83	898.51	824.34
Private Sector Foreign Currency Deposits	241.00	205.43	174.66	230.62	244.05

Source: Eastern Caribbean Central Bank
Data available at 25 February 2015

Table 19
Antigua and Barbuda - Selected Tourism Statistics

	2010	2011	2012	2013	2014
Total Visitor Arrivals	812,859	870,240	842,693	805,552	799,661
Stay-Over Arrivals	229,943	241,331	246,926	243,219	249,316
of which:					
USA	81,598	84,832	93,214	88,619	95,332
Canada	17,818	22,403	24,185	30,235	27,701
UK	66,623	69,184	68,677	68,854	71,193
Caribbean	37,505	37,887	32,680	29,034	27,637
Other Countries	2,876	3,030	9,843	9,610	10,187
Cruise Ship Passengers\1	557,030	604,506	567,707	533,280	525,349
Cruise Calls\2	304	328	333	321	315
Yacht Passengers	25,886	24,403	28,060	29,053	24,996
Yacht Calls	4,078	3,180	3,803	3,825	3,745
Total Visitor Expenditure (EC$M)	**803.90**	**841.77**	**861.30**	**848.17**	**861.86**

Source: Ministry of Tourism, Antigua and Barbuda and ECCB Estimates

\1 includes Excursionists

\2 Includes Windjammer Calls

Data available at 25 February 2015

Table 20
Antigua and Barbuda - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013	2014
CURRENT ACCOUNT	**(451.19)**	**(317.02)**	**(473.94)**	**(474.44)**	**(487.91)**
Goods and Services	**(418.76)**	**(279.75)**	**(417.93)**	**(461.62)**	**(464.59)**
Goods	(1,102.05)	(1,010.59)	(1,159.35)	(1,175.37)	(1,200.68)
Merchandise	(1,096.89)	(1,040.95)	(1,199.81)	(1,220.69)	(1,250.88)
Repair on goods	-	-	-	-	-
Goods procured in ports by carriers	(5.17)	30.36	40.46	45.32	50.20
Services	683.29	730.84	741.42	713.75	736.09
Transportation	131.31	114.81	102.14	112.89	111.64
Travel	667.18	709.38	729.31	708.77	713.01
Insurance Services	(71.94)	(53.89)	(47.46)	(58.35)	(55.36)
Other Business Services	(46.44)	(51.28)	(57.57)	(58.18)	(54.47)
Government Services	3.18	11.82	15.00	8.63	21.27
Income	**(85.02)**	**(106.57)**	**(137.94)**	**(83.47)**	**(100.43)**
Compensation of Employees	20.78	20.58	21.69	20.95	21.41
Investment Income	(105.80)	(127.15)	(159.63)	(104.42)	(121.84)
Current Transfers	**52.59**	**69.30**	**81.93**	**70.65**	**77.11**
General Government	12.42	18.40	16.95	14.59	21.95
Other Sectors	40.17	50.90	64.99	56.06	55.16
CAPITAL & FINANCIAL ACCOUNT	**479.02**	**345.38**	**504.15**	**589.01**	**742.24**
Capital Account	**54.94**	**32.86**	**15.86**	**36.46**	**26.31**
Capital Transfers	54.94	32.86	15.86	36.46	26.31
General Government	44.74	22.86	6.06	27.00	16.20
Other Sectors	10.20	10.00	9.80	9.46	10.11
Acquisition & Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	**424.08**	**312.51**	**488.29**	**552.54**	**715.94**
Direct Investment	261.03	175.93	359.29	255.59	435.21
Portfolio Investment	(20.36)	27.39	18.00	(42.35)	5.59
Other Investments	183.40	109.19	111.00	339.31	275.14
Public Sector Long Term	398.70	80.50	72.38	420.91	6.29
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	36.99	103.90	(71.95)	6.19	(69.22)
Other Assets	49.45	(1.07)	(44.72)	(26.08)	29.18
Other Liabilities *	(301.73)	(74.14)	155.28	(61.71)	308.88
Overall Balance	**27.83**	**28.35**	**30.21**	**114.57**	**254.33**
Financing	**(27.83)**	**(28.35)**	**(30.21)**	**(114.57)**	**(254.33)**
Change in SDR holdings	51.12	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	(8.53)	(0.35)	8.88	(3.24)	0.42
Change in Imputed Reserves	(70.43)	(28.00)	(39.09)	(111.34)	(254.75)

Source: Statistics Division, Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda and Eastern Caribbean Central Bank
* includes errors & omissions
Data as at 25 February 2015

Table 21
Dominica - Selected Economic Indicators

	2010	2011	2012	2013	2014
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	(1.6)	4.6	2.3	0.7	3.8
Real GDP at Basic Prices	0.7	1.3	(0.4)	(0.6)	2.0
GDP Deflator	(2.3)	3.2	2.7	1.3	1.7
Consumer Prices (end of period)	0.2	1.9	1.3	(0.4)	1.0
Consumer Prices (period average)	2.9	1.1	1.4	(0.0)	0.8
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	(7.9)	7.2	8.7	2.2	4.3
Fishing	(17.5)	11.8	(14.6)	(5.8)	3.5
Manufacturing	(1.5)	(5.8)	5.4	4.1	(1.0)
Mining and Quarrying	(5.0)	10.0	(15.0)	5.0	2.0
Electricity and Water	5.8	0.4	1.2	(1.4)	3.7
Construction	8.7	3.4	(9.1)	(16.0)	5.0
Wholesale and Retail Trade	0.0	4.7	(4.7)	1.6	(0.5)
Hotels and Restaurants	0.5	7.3	0.1	4.3	13.8
Transport, Storage and Communications	(2.2)	0.7	(0.2)	(1.6)	3.4
Transport and Storage	(3.1)	2.2	1.2	2.7	4.7
Communications	(1.0)	(1.3)	(2.0)	(7.5)	1.5
Financial Intermediation	2.8	1.4	(4.7)	(7.2)	1.4
Real Estate, Renting and Business Activities	0.3	0.4	0.6	0.4	0.8
Public Administration, Defence & Compulsory Social Security	2.3	6.1	(0.2)	1.9	1.0
Education	5.3	(8.1)	3.1	0.7	0.6
Health and Social Work	6.1	0.9	3.6	1.7	1.2
Other Services	0.5	0.8	(0.2)	(3.0)	1.0
FISIM	7.1	3.5	19.3	(12.4)	1.5
Import Cover Ratio	4.7	4.5	6.0	6.4	7.6
	(In percent of GDP)				
External Sector					
Current Account Balance	(16.3)	(13.4)	(16.2)	(13.1)	(12.8)
Overall Balance	0.3	1.3	1.1	(1.3)	3.3
Merchandise Trade Balance	(32.8)	(32.6)	(28.7)	(27.2)	(26.4)
Total Public Sector External Debt (end-of-period)	47.0	46.7	51.0	52.9	51.6
Central Government					
Current Account Balance	2.6	2.1	2.3	2.2	1.3
Current Revenue	26.4	26.0	25.1	27.4	25.6
Current Expenditure	23.8	23.9	22.8	25.3	24.3
Capital Expenditure and Net Lending	11.8	12.8	12.1	11.5	6.4
Overall Fiscal Balance	(6.1)	(8.3)	(8.7)	(9.3)	(2.1)
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	3.3	3.1	3.0	3.0	2.8
Weighted Lending Interest Rates	8.9	8.8	9.0	9.0	8.8
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Basic Prices	1,096.9	1,147.4	1,173.5	1,181.9	1,226.4
Real GDP at Basic Prices	1,007.8	1,021.3	1,017.5	1,011.8	1,032.4
Nominal GDP at Market Prices	1,331.0	1,372.9	1,389.7	1,395.2	1,452.4
Merchandise Imports (f.o.b)	531.7	537.1	495.0	482.3	488.2
Merchandise Exports (f.o.b)	95.2	90.2	96.5	102.6	104.2
Gross Visitor Expenditure	252.8	286.0	205.5	221.3	226.1
GDP per capita (EC$)	18,053.5	19,256.6	19,396.0	19,375.4	20,069.2

Source: Central Statistical Office, Saint Lucia and Eastern Caribbean Central Bank
Data as at 13 March 2015

Table 22
Dominica - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013	2014
Current Revenue	351.9	357.4	348.7	382.9	371.7
Tax Revenue	327.9	311.9	302.2	303.3	312.4
Taxes on Income and Profits	62.4	55.9	57.1	58.6	57.0
Of which:					
Personal	29.6	33.6	32.0	34.3	32.8
Company/Corporation	33.6	24.5	27.5	26.3	26.5
Taxes on Property	8.7	8.0	6.3	7.8	6.8
Taxes on Domestic Goods and Services	184.0	177.9	178.1	180.2	186.6
Of which:					
Value Added Tax (VAT)	123.0	118.4	125.3	123.3	129.1
Licenses	18.0	17.7	17.7	18.7	17.6
Excise Tax	39.9	39.1	32.8	36.6	37.4
Taxes on International Trade and Transactions	72.9	70.1	60.7	56.7	61.9
Of which:					
Import Duty	39.4	38.4	34.1	32.8	34.7
Customs Service Charge	15.7	15.4	13.6	13.3	14.5
Environmental Levy	9.3	9.6	7.5	7.9	8.4
Non-Tax Revenue	23.9	45.5	46.6	79.6	59.3
Current Expenditure	316.8	328.1	316.3	352.3	353.2
Personal Emoluments	127.7	138.9	135.2	149.8	144.5
Goods and Services	99.3	97.3	93.6	107.3	107.3
Interest Payments	21.0	24.6	20.4	28.1	25.6
Domestic	8.0	7.0	11.2	10.5	10.6
External	13.0	17.6	9.2	17.6	14.9
Transfers and Subsidies	68.8	67.4	67.0	67.1	75.8
Of which: Pensions	15.1	16.6	15.4	17.4	18.1
Current Account Balance	35.0	29.2	32.5	30.6	18.5
Capital Revenue	1.6	1.5	2.7	0.3	0.3
Grants	38.9	31.6	11.8	0.5	43.3
Of which: Capital Grants	38.9	31.6	11.8	0.5	43.3
Capital Expenditure and Net Lending	157.2	176.1	167.6	160.9	92.5
Of which: Capital Expenditure	159.1	176.6	168.5	160.4	92.1
Primary Balance after grants	(60.6)	(89.2)	(100.1)	(101.5)	(4.8)
Overall Balance after grants	(81.6)	(113.8)	(120.6)	(129.5)	(30.4)
Financing	81.6	113.8	120.6	129.5	30.4
Domestic	33.4	79.1	20.9	87.5	17.4
ECCB (net)	6.9	2.2	(19.0)	25.3	(8.7)
Commercial Banks (net)	(9.7)	16.7	44.9	34.8	14.4
Other	36.2	60.2	(5.0)	27.4	11.8
External	47.4	31.3	107.3	36.1	19.2
Net Disbursements (Amortisation)	45.6	27.1	78.7	36.2	28.2
Disbursements	55.6	40.0	99.0	49.1	52.4
Amortisation	10.0	12.9	20.3	13.0	24.2
Change in Government Foreign Assets	1.9	4.1	28.6	(0.0)	(9.0)
Arrears	0.8	3.4	(7.6)	5.9	(6.3)
Domestic	(1.7)	3.4	(7.3)	5.9	(6.3)
External	2.5	0.0	(0.3)	0.0	0.0
Other Financing	0.0	0.0	0.0	0.0	0.0

Source: Ministry of Finance, Dominica and Eastern Caribbean Central Bank
Data as at 13 March 2015

Table 23
Dominica - Monetary Survey
(EC$M at end of period)

	2010	2011	2012	2013	2014
Net Foreign Assets	**538.2**	**459.1**	**545.0**	**527.9**	**611.9**
Central Bank (net)	**181.3**	**203.4**	**248.0**	**230.5**	**269.8**
Commercial Banks (net)	**356.8**	**255.7**	**297.0**	**297.4**	**342.1**
External (net)	19.1	(17.8)	9.0	36.1	66.8
Assets	182.7	166.4	253.0	280.7	331.7
Liabilities	163.6	184.2	244.0	244.5	264.8
Other ECCB Territories (net)	337.7	273.5	288.0	261.3	275.3
Assets	430.9	393.1	333.4	305.8	333.9
Liabilities	93.2	119.6	45.4	44.6	58.6
Net Domestic Assets	**472.1**	**574.8**	**593.4**	**630.7**	**637.0**
Domestic Credit	**577.1**	**652.9**	**687.4**	**722.5**	**737.4**
Central Government (net)	(51.5)	(32.5)	(6.6)	53.5	59.0
Other Public Sector (net)	(87.6)	(77.9)	(102.4)	(122.0)	(94.8)
Private Sector	716.2	763.4	796.5	790.9	773.2
Households	409.4	422.8	443.1	456.6	456.4
Business	298.6	329.5	332.6	318.6	297.8
Non-Bank Financial Institutions (NBFI)	1.6	4.4	14.2	11.1	12.4
Subsidiaries & Affiliates	6.6	6.6	6.6	4.6	6.6
Other Items (net)	(105.1)	(78.1)	(94.1)	(91.8)	(100.3)
Money Supply (M2)	**1010.2**	**1034.0**	**1138.4**	**1158.5**	**1248.9**
Money Supply (M1)	**192.2**	**189.8**	**227.8**	**212.9**	**234.7**
Currency with the Public	46.5	47.0	45.6	41.6	46.9
Currency in Circulation	67.8	67.2	63.9	62.8	76.0
Cash at Commercial Banks	21.4	20.2	18.3	21.2	29.1
Private Sector Demand Deposits	140.9	140.2	175.7	169.0	185.6
EC$ Cheques and Drafts Issued	5.4	2.6	6.6	2.3	2.3
Quasi Money	**818.0**	**844.2**	**910.5**	**945.7**	**1014.2**
Private Sector Savings Deposits	533.9	564.2	628.2	686.4	760.4
Private Sector Time Deposits	254.1	256.2	248.8	235.8	217.5
Private Sector Foreign Currency Deposits	29.6	23.8	33.5	23.5	36.4

Source: Eastern Caribbean Central Bank
Data available as at 15 March 2015

Table 24
Dominica - Selected Tourism Statistics
(EC$M at end of period)

	2010	2011	2012	2013	2014
Total Visitors	599,078	424,372	355,175	320,362	373,731
Stay-Over Visitors	71,761	71,769	75,130	75,096	73,199
USA	14,259	13,804	14,959	14,521	14,904
Canada	2,325	2,502	2,553	2,636	2,338
UK	4,597	4,611	4,657	4,619	4,703
Caribbean	41,648	41,105	41,850	41,437	39,215
Other Countries	8,932	9,747	11,111	11,883	12,039
Excursionists	784	764	2,104	1,904	2,101
Yachts Passengers	8,554	10,338	11,763	12,775	11,858
Cruise Ship Passengers	517,979	341,501	266,178	230,587	286,573
Number of Cruise Ship Calls	272	196	183	162	190
Total Visitor Expenditure (EC$M)	**252.8**	**286.0**	**205.5**	**221.3**	**226.1**

Sources: Discover Dominica Authority and Eastern Caribbean Central Bank
Data as at 12 February 2015

Table 25
Dominica - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013	2014
Current Account	**(216.5)**	**(183.3)**	**(225.3)**	**(182.3)**	**(186.3)**
Goods and Services	**(244.2)**	**(199.4)**	**(242.0)**	**(184.4)**	**(190.4)**
Goods	(431.1)	(439.5)	(390.7)	(371.9)	(376.2)
Merchandise	(436.5)	(447.0)	(398.4)	(379.7)	(384.0)
Repair on goods	0.0	0.0	0.0	0.0	0.0
Goods procured in ports by carriers	5.4	7.5	7.7	7.7	7.8
Services	186.9	240.1	148.8	187.5	185.8
Transportation	(73.1)	(74.5)	(71.0)	(73.8)	(74.7)
Travel	219.0	252.9	172.0	189.0	192.5
Insurance Services	(14.3)	(10.6)	(10.5)	(9.9)	(10.0)
Other Business Services	45.2	43.8	26.6	33.6	28.9
Government Services	10.1	28.4	31.8	48.6	49.1
Income	**(25.5)**	**(28.5)**	**(28.7)**	**(52.7)**	**(51.9)**
Compensation of Employees	3.1	2.2	2.5	3.2	3.2
Investment Income	(28.6)	(30.7)	(31.2)	(55.8)	(55.1)
Current Transfers	**53.2**	**44.5**	**45.4**	**54.8**	**56.0**
General Government	1.7	(5.5)	1.1	14.6	14.8
Other Sectors	51.5	50.1	44.3	40.2	41.2
Capital and Financial Account	**219.9**	**200.9**	**241.2**	**164.8**	**234.5**
Capital Account	**90.4**	**51.3**	**43.6**	**21.1**	**52.6**
Capital Transfers	90.4	51.3	43.6	21.1	52.6
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.0	0.0	0.0	0.0	0.0
Financial Account	**129.5**	**149.6**	**197.5**	**143.7**	**182.0**
Direct Investment	155.7	138.3	153.0	100.2	105.3
Portfolio Investment	(14.9)	(5.4)	12.2	(40.1)	(58.7)
Other Investments	(11.3)	16.7	32.3	83.6	135.3
Public Sector Long Term	59.5	25.8	77.0	39.0	93.9
Other Public Sector Capital	0.0	0.0	0.0	0.0	0.0
Commercial Banks	27.1	101.2	(41.3)	(0.4)	(44.7)
Other Assets	(24.1)	(10.9)	(32.5)	27.8	46.1
Other Liabilities *	(73.9)	(99.3)	29.2	17.1	40.1
Overall Balance	**3.4**	**17.5**	**15.9**	**(17.5)**	**48.3**
Financing	**(3.4)**	**(17.5)**	**(15.9)**	**17.5**	**(48.3)**
Change in SDR holdings	0.0	0.4	0.0	0.0	0.0
Change in Reserve Position with the Fund	0.0	0.0	0.0	0.0	0.0
Change in Government Foreign Assets	1.9	4.1	28.6	(0.0)	(9.0)
Change in Imputed Reserves	(5.3)	(22.1)	(44.5)	17.5	(39.3)

Source: Central Statistical Office, Saint Lucia and Eastern Caribbean Central Bank
* includes errors & omissions
Data as at 24 February 2015

Table 26
Grenada - Selected Economic Indicators

	2010	2011	2012	2013	2014P
		(annual percentage change unless otherwise stated)			
National Income and Prices					
Nominal GDP at Basic Prices	(1.52)	0.37	3.33	5.20	4.32
Real GDP at Basic Prices	(1.99)	0.14	(0.58)	3.14	2.59
GDP Deflator	0.48	0.22	3.93	1.99	1.68
Consumer Prices (end of period)	4.21	3.52	1.81	(1.24)	(0.63)
Consumer Prices (period average)	3.44	3.03	2.41	(0.04)	(0.95)
Real GDP at Basic Prices by Selected Sectors					
Agriculture , Livestock and Forestry	(12.08)	2.61	3.34	3.56	23.08
Fishing	9.76	(11.42)	6.33	21.27	2.00
Mining and Quarrying	(44.20)	(25.40)	(14.13)	27.02	4.00
Manufacturing	3.89	(0.14)	(0.22)	(2.26)	(4.00)
Electricity and Water	(0.61)	1.09	(1.48)	0.06	0.07
Construction	(0.95)	(11.82)	(17.61)	26.27	(5.00)
Wholesale and Retail Trade	(0.37)	0.84	0.86	3.04	0.50
Hotels and Restaurants	(13.62)	13.93	7.02	(6.71)	14.43
Transport, Storage and Communications	(3.92)	(3.18)	(3.92)	5.83	5.71
Transport	(2.88)	(3.13)	(7.34)	5.43	9.18
Communications	(5.44)	(3.26)	1.21	6.37	1.00
Financial Intermediation	(7.48)	0.26	1.72	(1.48)	1.20
Real Estate, Renting and Business Activities	0.92	2.04	(0.06)	1.77	0.94
Public Administration, Defence & Compulsory Social Security	5.73	4.31	4.77	(3.18)	(3.80)
Education	(2.01)	1.52	0.06	3.94	4.82
Health and Social Work	13.83	4.17	(1.26)	(2.87)	(2.58)
Other Services	(0.66)	(0.92)	6.81	(2.11)	0.50
FISIM	6.96	(4.90)	(5.95)	1.67	3.50
Import Cover Ratio	4.06	3.70	3.50	4.95	6.58
			(in per cent of GDP)		
External Sector					
Current Account Balance	(26.45)	(26.59)	(24.15)	(26.49)	(19.05)
Overall Balance	(1.24)	0.26	(0.24)	3.76	2.59
Merchandise Trade Balance	(33.80)	(33.90)	(33.22)	(34.30)	(29.68)
Public Sector External Debt (end-of-period)	68.44	68.69	66.93	67.25	65.53
Central Government					
Current Account Balance	0.31	0.24	(1.52)	(1.10)	0.65
Current Revenue	19.93	20.25	19.69	19.38	21.06
Current Expenditure	19.63	20.01	21.21	20.48	20.41
Capital Expenditure and Net Lending	5.19	6.26	5.02	6.84	9.37
Overall Fiscal Balance	(2.44)	(3.16)	(5.54)	(6.56)	(4.01)
			(in per cent per annum)		
Monetary Sector					
Weighted Deposit Interest Rates	2.65	2.86	2.68	2.46	2.23
Weighted Lending Interest Rates	9.46	10.33	9.19	9.10	9.01
		(in millions of EC Dollars, unless otherwise stated)			
Memo					
Nominal GDP at Basic Prices	1,797.27	1,803.88	1,863.92	1,960.83	2,045.49
Real GDP at Basic Prices	1,621.10	1,623.43	1,614.07	1,664.83	1,708.02
Nominal GDP at Market Prices	2,081.74	2,102.35	2,159.68	2,256.06	2,381.82
Merchandise Imports (f.o.b)	771.05	797.30	810.85	875.41	806.78
Merchandise Exports (f.o.b)	67.42	84.58	93.43	101.52	99.75
Gross Visitor Expenditure	301.44	315.79	328.24	327.47	385.98
GDP per capita (EC$)	19,818.96	19,709.48	20,071.58	20,861.91	21,914.11

Source: Statistics Department and ECCB
Data as at 24 February 2015

Table 27
Grenada - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013	2014^p
Current Revenue	414.90	425.71	425.27	437.22	501.52
Tax Revenue	389.89	403.03	403.18	418.98	477.63
Taxes on Income and Profit	73.19	73.89	75.49	66.11	89.90
Of which:					
Personal[1]	24.42	25.27	27.95	29.67	45.88
Company/Corporation	48.77	48.62	47.54	36.44	44.02
Taxes on Property	17.40	14.92	16.42	15.08	21.35
Taxes on Domestic Goods and Services	178.19	189.79	189.48	212.70	222.88
Of which:					
Value Added Tax	140.58	159.94	152.63	157.50	176.66
Consumption Duty	8.78	1.46	0.31	0.03	0.30
Stamp Duties	3.52	3.83	12.81	3.52	5.78
Licenses	14.84	15.75	15.51	42.56	30.04
Taxes on International Trade and Transactions	121.12	124.43	121.79	125.10	143.50
Of which:					
Import Duty	47.88	49.51	48.04	50.38	56.56
Consumption Tax	6.27	0.27	0.27	0.01	-
Customs Service Charge	33.67	37.55	35.66	35.61	45.22
Non-Tax Revenue	25.01	22.67	22.09	18.24	23.90
Current Expenditure	408.55	420.76	458.13	462.13	486.04
Personal Emoluments	199.43	221.59	227.22	243.49	242.45
Goods and Services	91.89	75.09	86.40	75.89	67.14
Interest Payments	43.01	51.60	73.64	70.58	86.50
Domestic	8.80	18.02	23.09	15.17	20.97
External	34.21	33.59	50.55	55.41	65.54
Transfers and Subsidies	74.21	72.48	70.87	72.17	89.95
Of which: Pensions	22.67	25.34	26.62	29.18	33.43
Current Account Balance	6.36	4.94	(32.86)	(24.90)	15.48
Capital Revenue	0.17	0.11	0.09	0.05	0.09
Grants	50.65	60.08	21.54	31.26	112.19
of which: Capital Grants	33.18	60.07	20.81	31.26	92.39
Capital Expenditure and Net lending	107.95	131.53	108.36	154.32	223.20
of which: Capital Expenditure	107.95	131.53	108.36	154.32	223.20
Primary Balance after grants	(7.76)	(14.80)	(45.95)	(77.33)	(8.93)
Overall Balance after grants	(50.77)	(66.40)	(119.59)	(147.91)	(95.44)
Financing	50.77	66.40	119.59	147.91	95.44
Domestic	16.20	71.07	105.13	37.57	(37.26)
ECCB (net)	22.71	35.60	2.26	(12.43)	(27.48)
Commercial Banks (net)	(11.59)	4.79	(45.14)	(42.83)	(7.43)
Other	5.09	30.68	148.01	92.83	(2.35)
External	34.57	(4.66)	(19.78)	51.45	78.47
Net Disbursements/(Amortisation)	34.57	(4.66)	(19.78)	51.45	78.47
Disbursements	72.36	25.08	33.10	106.06	116.76
Amortisation	37.79	29.74	52.88	54.61	38.29
Change in Government Foreign Assets	-	-	-	-	-
Arrears	-	-	-	-	54.23
Domestic	-	-	34.24	58.89	-
External	-	-	(10.30)	-	54.23
Other Financing	-	-	44.54	58.89	-

Source: Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and Eastern Caribbean Central Bank

[1] Includes Debt Service Levy

Data as at 24 February 2015

Table 28
Grenada - Monetary Survey
(EC$M at end of period)

	2009	2010	2011	2012	2013	2014[P]
Net Foreign Assets	**286.52**	**245.26**	**168.90**	**113.78**	**352.39**	**582.15**
Central Bank (Net)	**306.30**	**280.41**	**285.93**	**280.81**	**365.60**	**427.31**
Commercial Banks (Net)	**(19.78)**	**(35.16)**	**(117.04)**	**(167.03)**	**(13.21)**	**154.85**
External (Net)	(140.11)	(194.83)	(245.57)	(263.29)	(187.69)	(144.40)
Assets	340.23	285.72	255.14	244.30	285.24	339.54
Liabilities	480.34	480.55	500.71	507.59	472.93	483.93
Other ECCB Territories (Net)	120.34	159.67	128.54	96.26	174.48	299.24
Assets	209.08	228.76	256.73	233.69	260.99	333.20
Liabilities	88.74	69.09	128.19	137.43	86.51	33.96
Net Domestic Assets	**1,533.51**	**1,592.14**	**1,680.78**	**1,748.47**	**1,586.33**	**1,435.83**
Domestic Credit	**1,641.85**	**1,699.05**	**1,782.55**	**1,857.44**	**1,695.39**	**1,526.92**
Central Government (Net)	98.90	110.01	150.40	107.51	52.25	17.34
Other Public Sector (Net)	(125.80)	(173.12)	(168.17)	(53.29)	(57.26)	(104.29)
Private Sector	1,668.76	1,762.15	1,800.32	1,803.22	1,700.40	1,613.87
Household	1,087.57	1,130.90	1,176.17	1,162.76	1,147.75	1,119.40
Business	565.41	617.35	608.24	625.56	541.65	485.36
Non-Bank Financial Institutior	15.78	13.91	15.91	14.90	11.01	9.11
Subsidiaries & Affiliates	-	-	-	-	-	-
Other Items (Net)	**(108.34)**	**(106.91)**	**(101.77)**	**(108.97)**	**(109.06)**	**(91.10)**
Monetary Liabilities (M2)	**1,820.03**	**1,837.39**	**1,849.67**	**1,862.25**	**1,938.72**	**2,017.98**
Money Supply (M1)	**331.98**	**341.86**	**324.53**	**333.00**	**381.04**	**466.47**
Currency with the Public	106.66	98.82	108.66	112.88	115.69	124.09
Demand Deposits	217.67	225.70	204.06	211.12	253.71	332.27
EC$ Cheques and Drafts Issued	7.65	17.35	11.81	9.01	11.64	10.11
Quasi Money	**1,488.05**	**1,495.53**	**1,525.14**	**1,529.25**	**1,557.68**	**1,551.51**
Savings Deposits	1,014.42	1,011.60	1,023.07	1,095.90	1,143.12	1,167.94
Time Deposits	339.17	371.18	381.44	339.92	318.24	287.13
Foreign Currency Deposits	134.47	112.76	120.63	93.42	96.33	96.44

Source: Eastern Caribbean Central Bank
Data available as at 19 February 2015
[R]Revisions included changes to Imputed Reserves calculation

Table 29
Grenada - Selected Tourism Statistics

	2010	2011	2012	2013	2014P
Total Visitor Arrivals	445,622	428,596	362,091	315,343	378,477
Stay-Over Arrivals	105,419	113,947	112,335	112,811	137,991
Of Which:					
USA	24,590	27,356	30,205	34,561	41,467
Canada	6,992	7,237	7,822	9,648	13,979
UK	25,927	27,236	24,489	20,588	23,479
Caribbean	23,368	26,476	24,849	24,455	22,604
Other Countries	24,542	25,642	24,970	23,559	36,462
Excursionists	2,435	1,972	3,343	1,611	1,660
Yacht Passengers	4,477	3,113	3,656	3,612	3,686
Cruise Ship Passengers	333,291	309,564	242,757	197,309	235,140
Number of Cruise Ship Calls	206	198	135	144	156
Total Visitor Expenditure (EC$M)	**301.44**	**315.34**	**329.11**	**327.53**	**385.98**

Source: Grenada Board of Tourism and Eastern Caribbean Central Bank
Data as at 24 February 2015

Table 30
Grenada - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013	2014[P]
Current Account	(550.54)	(558.92)	(521.65)	(597.64)	(453.78)
Goods and Services	(528.68)	(538.15)	(510.82)	(567.16)	(430.55)
Goods	(687.00)	(696.98)	(695.25)	(752.69)	(683.71)
Merchandise	(703.62)	(712.72)	(717.43)	(773.89)	(707.03)
Repair on goods	0.00	-	-	-	-
Goods procured in ports by carriers	16.62	15.73	22.17	21.20	23.32
Services	158.32	158.84	184.43	185.53	253.16
Transportation	(96.31)	(95.05)	(86.90)	(96.58)	(89.71)
Travel	273.13	287.54	299.25	297.75	354.82
Insurance Services	(23.84)	(27.42)	(30.78)	(29.94)	(28.88)
Other Business Services	12.28	12.36	12.33	20.46	23.50
Government Services	(6.93)	(18.60)	(9.47)	(6.16)	(6.57)
Income	(107.67)	(85.79)	(92.56)	(79.92)	(93.61)
Compensation of Employees	0.46	0.44	0.44	0.56	0.57
Investment Income	(108.13)	(86.23)	(93.00)	(80.47)	(94.18)
Current Transfers	85.81	65.01	81.74	49.44	70.38
General Government	40.02	18.71	29.89	4.88	25.86
Other Sectors	45.79	46.30	51.85	44.55	44.51
Capital and Financial Account	524.65	564.44	516.53	682.43	515.49
Capital Account	160.20	140.49	158.31	118.57	176.31
Capital Transfers	160.20	140.49	158.31	118.57	176.31
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	364.45	423.95	358.22	563.86	339.18
Direct Investment	163.14	115.15	85.02	305.35	107.75
Portfolio Investment	7.84	27.16	(8.34)	46.77	32.26
Other Investments	193.48	281.64	281.53	211.74	199.17
Public Sector Long Term	34.13	(15.50)	(28.80)	48.95	71.72
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	15.38	81.88	50.00	(153.82)	(168.06)
Other Assets	38.15	69.99	18.30	43.36	(18.44)
Other Liabilities*	105.82	145.26	242.03	273.25	313.95
Overall Balance	(25.88)	5.52	(5.12)	84.79	61.71
Financing	25.88	(5.52)	5.12	(84.79)	(61.71)
Change in SDR Holdings	-	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	-	-	-	-	-
Change in Imputed Reserves	25.88	(5.52)	5.12	(84.79)	(61.71)

Source: Central Statistics Office, Ministry of Finance, Planning, Economy, Energy and Cooperatives, Grenada and Eastern Caribbean Central Bank

* includes errors and omissions

Data as at 24 February 2015

Table 31
Montserrat - Selected Economic Indicators

	2010^R	2011^R	2012^R	2013^R	2014^P
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	(6.76)	15.50	(2.60)	(4.50)	3.78
Real GDP at Basic Prices	(3.03)	6.15	1.57	2.32	2.77
GDP Deflator	(6.76)	15.50	(2.60)	(4.50)	3.78
Consumer Prices (end of period)	2.55	4.43	3.64	(0.54)	(1.02)
Consumer Prices (period average)	2.09	3.67	4.77	0.87	(0.29)
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	(12.39)	28.31	43.21	(6.66)	14.10
Fishing	(33.91)	36.19	11.31	(0.82)	0.50
Manufacturing	(10.55)	(1.44)	17.57	6.59	(2.50)
Mining and Quarrying	(76.72)	296.49	(34.16)	34.01	82.15
Electricity and Water	5.10	3.34	(1.57)	1.15	(13.58)
Construction	(9.54)	(2.59)	6.30	9.93	(13.00)
Wholesale and Retail Trade	(23.13)	(0.48)	8.86	(0.12)	(2.00)
Hotels and Restaurants	4.70	(8.15)	12.02	8.65	20.95
Transport, Storage and Communications	(21.63)	13.60	(2.33)	4.67	5.19
Transport and Storage	(37.87)	35.30	(5.30)	12.79	12.19
Communications	(6.88)	0.46	0.09	(1.60)	(1.00)
Financial Intermediation	3.27	3.72	3.41	0.31	2.77
Real Estate, Renting and Business Activities	(0.55)	(0.25)	1.18	0.83	1.10
Public Administration, Defence & Compulsory Social Security	4.77	10.26	(0.74)	3.73	6.00
Education	3.23	(2.42)	15.69	(15.69)	(2.50)
Health and Social Work	4.11	7.69	(1.20)	(1.35)	(1.40)
Other Services	(0.48)	1.74	0.37	0.61	3.00
FISIM	(0.84)	13.49	11.57	(2.07)	(2.00)
Import Cover Ratio	11.11	11.92	15.21	14.23	15.71
	(as a percentage of GDP)				
External Sector					
Current Account Balance	(35.09)	(15.80)	(21.50)	(48.15)	(43.81)
Overall Balance	4.83	12.59	10.04	13.99	7.27
Merchandise Trade Balance	(44.89)	(42.36)	(48.56)	(51.61)	(48.66)
External Debt (end-of-period)	5.52	4.48	4.26	4.16	3.68
Central Government					
Current Account Balance	(33.05)	(30.20)	(40.57)	(40.59)	(42.59)
Current Revenue	25.73	23.97	24.88	25.66	26.60
Current Expenditure	58.78	54.17	65.45	66.25	69.20
Capital Expenditure and Net Lending	19.88	16.17	23.19	45.20	24.78
Overall Fiscal Balance	2.26	7.66	(6.93)	(16.81)	(5.75)
	(per cent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	2.59	2.19	2.19	1.83	1.95
Weighted Lending Interest Rates	8.69	8.45	7.98	8.02	8.05
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Basic Prices	136.11	157.21	153.11	146.22	151.75
Real GDP at Basic Prices	132.00	140.12	142.32	145.62	149.66
Nominal GDP at Market Prices	149.88	171.99	170.76	162.62	170.33
Merchandise Imports (f.o.b)	69.73	79.42	87.78	100.02	92.13
Merchandise Exports (f.o.b)	2.45	6.57	4.86	16.10	9.24
Gross Visitor Expenditure	15.88	14.01	18.97	18.33	22.20
GDP per capita (EC$)	27,114	31,927	31,020	29,552	30,595

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and Eastern Caribbean Central Bank
Data as at 20 March 2015

Table 32
Montserrat - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013[R]	2014
Current Revenue	38.56	41.23	42.49	41.73	45.31
Tax Revenue	33.57	36.64	37.18	35.70	40.46
Taxes on Income and Profit	16.36	18.14	15.55	14.98	16.70
of which:					
Personal	13.49	13.74	12.16	11.90	12.35
Corporation	1.86	3.06	2.78	2.43	3.59
Taxes on Property	0.95	0.78	0.85	1.02	0.81
Taxes on Domestic Goods and Services	2.68	3.17	3.49	3.69	4.92
of which:					
Insurance Company Levy	0.21	0.20	0.36	0.16	0.22
Stamp Duty and Licenses	1.54	1.96	2.15	2.33	3.40
Taxes on International Trade and Transactions	13.58	14.54	17.28	16.02	18.04
of which:					
Import Duty	3.95	4.24	5.67	5.11	5.80
Consumption Tax	6.27	6.48	9.78	10.00	11.11
Customs Service Charge	3.32	3.61	1.27	0.00	0.00
Non-Tax Revenue	4.99	4.59	5.31	6.03	4.85
Current Expenditure	88.10	93.17	111.76	107.74	117.86
Personal Emoluments	42.64	42.72	42.32	41.77	42.72
Goods and Services	18.29	19.78	22.14	26.23	29.37
Interest Payments	0.11	0.04	0.03	0.03	0.03
Domestic	0.08	0.00	0.00	0.00	0.00
External	0.03	0.04	0.03	0.03	0.03
Transfers and Subsidies	27.06	30.63	47.27	39.70	45.74
of which: Pensions	11.99	11.10	29.77	11.51	15.11
Current Account Balance (before grants)	(49.54)	(51.94)	(69.27)	(66.01)	(72.55)
Current Grants	47.52	76.28	54.76	31.16	69.79
Current Account Balance (after grants)	(2.02)	24.34	(14.51)	(34.85)	(2.76)
Capital Grants	35.19	16.65	42.27	81.03	35.15
Capital Expenditure and Net Lending	29.79	27.81	39.60	73.51	42.20
Primary Balance (after grants)	3.49	13.22	(11.81)	(27.30)	(9.77)
Overall Balance (before grants)	(79.33)	(79.75)	(108.87)	(139.52)	(114.75)
Overall Balance (after grants)	3.38	13.18	(11.84)	(27.33)	(9.80)
Financing	(3.38)	(13.18)	11.84	27.33	9.80
Domestic	(3.30)	(13.06)	11.96	27.45	9.92
ECCB (net)	(0.27)	(0.02)	0.01	(0.10)	(13.90)
Commercial Banks (net)	(6.12)	(27.02)	(9.70)	7.78	17.77
Other	3.09	13.98	21.65	19.77	6.05
External	(0.09)	(0.12)	(0.12)	(0.12)	(0.12)
Net Disbursements/(Amortisation)	(0.09)	(0.12)	(0.12)	(0.12)	(0.12)
Disbursements	-	-	-	-	-
Amortisation	(0.09)	(0.12)	(0.12)	(0.12)	(0.12)
Change in Govt. Foreign Assets	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-

Source: Ministry of Finance, Montserrat and Eastern Caribbean Central Bank
Data available at 25 February 2015

Table 33
Montserrat - Monetary Survey
(EC$M at end of period)

	2010	2011	2012	2013	2014
Net Foreign Assets	**186.74**	**231.97**	**278.87**	**270.08**	**288.10**
Central Bank (Net)	**47.82**	**69.48**	**86.63**	**109.38**	**121.77**
Commercial Banks (Net)	**138.92**	**162.50**	**192.24**	**160.70**	**166.33**
External (Net)	37.24	34.99	69.94	85.61	84.06
Assets	70.04	73.13	121.48	140.84	147.33
Liabilities	32.80	38.15	51.53	55.23	63.27
Other ECCB Territories (Net)	101.68	127.51	122.30	75.09	82.27
Assets	208.15	242.92	128.24	82.09	90.45
Liabilities	106.47	115.41	5.95	7.00	8.18
Net Domestic Assets	**(16.19)**	**(39.41)**	**(58.03)**	**(54.75)**	**(48.89)**
Domestic Credit	**15.02**	**(5.10)**	**(17.04)**	**(9.71)**	**(6.77)**
Central Government (Net)	(27.58)	(54.62)	(64.31)	(56.63)	(52.76)
Other Public Sector (Net)	(19.16)	(18.84)	(27.87)	(19.94)	(21.14)
Private Sector	61.76	68.36	75.14	66.86	67.13
Household	51.81	57.93	65.29	58.36	59.70
Business	9.96	10.43	9.85	8.51	7.43
Non-Bank Financial Institutior	-	-	-	-	-
Subsidiaries & Affiliates	-	-	-	-	-
Other Items (Net)	**(31.21)**	**(34.31)**	**(40.99)**	**(45.04)**	**(42.12)**
Monetary Liabilities (M2)	**170.55**	**192.56**	**220.84**	**215.33**	**239.20**
Money Supply (M1)	**35.43**	**41.17**	**47.37**	**53.62**	**45.07**
Currency with the Public	15.97	21.63	25.69	18.39	18.36
Demand Deposits	19.15	19.41	21.55	35.10	26.57
EC$ Cheques and Drafts Issued	0.31	0.13	0.13	0.13	0.15
Quasi Money	**135.11**	**151.39**	**173.47**	**161.71**	**194.13**
Savings Deposits	118.00	129.84	148.63	119.65	140.47
Time Deposits	10.44	13.23	15.94	33.71	46.00
Foreign Currency Deposits	6.68	8.32	8.91	8.36	7.66

Source: Eastern Caribbean Central Bank

Data available as at 25 February 2015

Table 34
Montserrat - Selected Tourism Statistics

	2010	2011	2012	2013[R]	2014
Total Visitor Arrivals	9,578	10,472	12,127	10,461	12,150
Stay-Over Arrivals	5,981	5,395	7,310	7,201	8,804
Of Which:					
USA	1,665	1,526	1,950	1,775	2,041
Canada	404	320	505	516	678
UK	1,380	1,329	2,148	1,821	2,164
Caribbean	2,259	1,881	2,390	2,591	3,528
Other Countries	273	339	317	498	393
Excursionists	1,726	1,997	2,606	1,519	1,749
Cruise Ship Passengers	878	1,114	840	364	-
Yacht Passengers	993	1966	1371	1377	1597
Number of Yacht	216	352	327	346	368
Number of Cruise Ship Calls	4	3	5	4	-
Total Visitor Expenditure (EC$M)	**15.88**	**14.01**	**18.97**	**18.33**	**22.20**

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and Eastern Caribbean Central Bank
Data available at 25 February 2015

Table 35
Montserrat - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013R	2014
Current Account	**(52.59)**	**(27.18)**	**(36.71)**	**(78.30)**	**(74.63)**
Goods and Services	**(82.13)**	**(89.72)**	**(96.77)**	**(127.13)**	**(123.40)**
Goods	(67.12)	(73.58)	(83.57)	(84.51)	(83.46)
Merchandise	(67.28)	(72.85)	(82.93)	(83.92)	(82.88)
Repair on goods	0.00	0.00	0.00	0.00	0.00
Goods procured in ports by carriers	0.16	(0.73)	(0.65)	(0.59)	(0.58)
Services	(15.01)	(16.13)	(13.20)	(42.62)	(39.94)
Transportation	(14.79)	(10.16)	(5.79)	(11.71)	(11.14)
Travel	8.05	5.51	10.82	9.95	13.42
Insurance Services	(0.84)	(1.55)	(1.82)	(2.03)	(1.84)
Other Business Services	(5.65)	(6.54)	(7.02)	(38.63)	(40.18)
Government Services	(1.78)	(3.39)	(9.39)	(0.19)	(0.21)
Income	**(10.28)**	**(9.58)**	**(7.94)**	**(5.48)**	**(5.76)**
Compensation of Employees	(1.18)	(1.27)	(1.06)	(1.24)	(1.30)
Investment Income	(9.09)	(8.31)	(6.88)	(4.24)	(4.47)
Current Transfers	**39.81**	**72.11**	**68.01**	**54.31**	**54.54**
General Government	46.22	77.31	74.58	60.48	61.23
Other Sectors	(6.41)	(5.20)	(6.58)	(6.18)	(6.69)
Capital and Financial Account	**59.83**	**48.84**	**53.86**	**101.06**	**87.01**
Capital Account	**29.57**	**19.07**	**51.68**	**60.21**	**60.68**
Capital Transfers	29.57	19.07	51.68	60.21	60.68
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
Financial Account	**30.26**	**29.77**	**2.18**	**40.85**	**26.33**
Direct Investment	9.59	6.65	7.05	10.08	17.21
Portfolio Investment	1.01	0.50	0.31	1.22	1.23
Other Investments	19.66	22.62	(5.17)	29.55	7.89
Public Sector Long Term	(0.46)	(0.50)	(0.50)	(0.50)	(0.50)
Other Public Sector Capital	0.00	0.00	0.00	0.00	0.00
Commercial Banks	5.35	(23.57)	(29.74)	31.54	(5.63)
Other Assets	8.99	40.35	24.47	1.05	2.02
Other Liabilities *	5.79	6.34	0.61	(2.54)	12.00
Overall Balance	**7.25**	**21.66**	**17.15**	**22.75**	**12.38**
Financing	**(7.25)**	**(21.66)**	**(17.15)**	**(22.75)**	**(12.38)**
Change in SDR holdings	0.00	0.00	0.00	0.00	0.00
Change in Reserve Position with the Fund	0.00	0.00	0.00	0.00	0.00
Change in Government Foreign Assets	0.00	0.00	0.00	0.00	0.00
Change in Imputed Reserves	(7.25)	(21.66)	(17.15)	(22.75)	(12.38)

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and Eastern Caribbean Central Bank
* includes errors & omissions
Data as at 25 February 2015

Table 36
St Kitts and Nevis - Selected Economic Indicators

	2010	2011	2012	2013	2014
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	(2.92)	1.44	0.90	5.85	6.76
Real GDP at Basic Prices	(3.83)	(1.88)	(0.86)	3.81	5.44
GDP Deflator	0.94	3.39	1.78	1.96	1.26
Consumer Prices (end of period)	5.20	2.80	0.07	0.37	1.98
Consumer Prices (period average)	0.60	7.07	1.41	0.72	0.96
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	3.68	0.81	(4.97)	12.23	(2.18)
Fishing	0.02	32.34	(16.06)	(3.53)	0.61
Manufacturing	(8.59)	(3.08)	10.17	(10.73)	4.23
Mining and Quarrying	(26.87)	(35.47)	1.72	61.88	7.70
Electricity and Water	(1.48)	4.19	(6.18)	(1.99)	1.00
Construction	(12.25)	(8.94)	(10.26)	12.16	7.55
Wholesale and Retail Trade	(0.57)	(8.74)	3.77	5.03	6.93
Hotels and Restaurants	5.38	3.31	2.43	3.63	4.25
Transport, Storage and Communications	6.99	1.43	(2.06)	3.02	7.31
Transport and Storage	5.15	1.26	(3.16)	6.16	10.27
Communications	8.98	1.60	(0.92)	(0.17)	4.11
Financial Intermediation	(20.17)	(1.34)	(0.33)	2.11	5.34
Real Estate, Renting and Business Activities	3.08	(2.87)	(0.75)	3.13	3.31
Public Administration, Defence & Compulso	3.25	6.57	1.88	3.75	6.90
Education	2.24	(1.53)	(0.41)	6.22	5.70
Health and Social Work	(7.16)	2.12	1.34	6.96	6.41
Other Services	(8.13)	(1.32)	1.22	7.03	1.56
FISIM	5.65	6.14	3.51	(2.66)	5.97
Import Cover Ratio	14.90	18.51	23.11	27.40	31.22
	(In percent of GDP)				
External Sector					
Current Account Balance	(19.89)	(15.08)	(8.99)	(6.21)	(6.48)
Overall Balance	4.81	8.60	3.31	5.12	3.25
Merchandise Trade Balance	(30.04)	(26.99)	(23.76)	(25.40)	(25.51)
Public Sector External Debt (end-of-period)	42.76	43.92	43.30	41.34	34.07
Central Government					
Current Account Balance	(1.19)	2.80	4.97	12.06	11.88
Current Revenue	27.16	33.07	32.62	38.88	38.04
Current Expenditure	28.36	30.27	27.65	26.82	26.16
Capital Expenditure and Net Lending	6.33	4.28	3.65	6.75	5.67
Overall Fiscal Balance	(4.26)	2.49	11.25	13.47	10.12
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	3.46	3.37	3.40	3.01	2.49
Weighted Lending Interest Rates	8.46	9.10	8.36	8.81	8.62
	(in millions of EC dollars, unlesss otherwise stated)				
Memo					
Nominal GDP at Basic Prices	1,638.39	1,662.01	1,677.02	1,775.06	1,895.10
Real GDP at Basic Prices	1,472.19	1,444.48	1,432.05	1,486.67	1,567.54
Nominal GDP at Market Prices	1,869.64	1,965.74	1,976.18	2,090.34	2,250.98
Merchandise Imports (f.o.b)	701.45	693.91	635.80	681.23	749.35
Merchandise Exports (f.o.b)	139.81	163.42	166.16	148.12	163.95
Gross Visitor Expenditure	241.74	254.06	256.51	272.84	299.85
GDP per capita (EC$)	35,571	36,860	37,116	45,035	48,486

SOURCE: Central Statistics Office, St Kitts and Eastern Caribbean Central Bank
Data as at 12 February 2015

Table 37
St Kitts and Nevis - Federal Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013	2014
Current Revenue	507.82	649.98	644.61	812.74	856.23
Tax Revenue	342.97	408.04	399.01	421.26	473.46
Taxes on Income and Profits	92.60	86.64	81.36	81.99	92.69
of which:					
Personal	33.34	37.85	38.24	37.68	43.76
Company/Corporation	53.20	38.36	35.61	34.45	42.60
Taxes on Property	9.36	8.75	12.90	15.20	16.23
Taxes on Domestic Goods and Services	84.39	208.27	203.30	215.93	237.61
of which:					
Licences	9.76	8.91	5.58	8.78	8.66
Value Added Tax	-	-	144.24	148.25	161.98
Stamp Duties	29.72	29.06	34.35	38.23	46.66
Unincorporated Business Levy					
Island Enhancement Duty Free Store Levy					
Taxes on International Trade and Transactions	156.61	104.37	101.45	108.14	126.93
of which:					
Import Duty	48.50	48.39	46.29	49.78	57.17
Consumption Tax	65.16	1.86	1.06	0.92	0.41
Customs Service Charge	33.50	32.01	30.13	37.61	41.97
Export/Excise Duty	0.51	10.20	10.60	10.24	16.97
Non Refundable Duty Free Levy	1.78	3.79	2.94	3.85	4.28
Non-Tax Revenue	164.85	241.94	245.61	391.49	382.77
Current Expenditure	530.14	594.93	546.47	560.58	588.84
Personal Emoluments	223.50	222.01	222.26	236.91	247.64
Goods and Services	118.09	176.08	129.21	158.67	149.18
Interest Payments	131.03	125.75	116.66	81.05	72.05
Domestic	90.47	91.92	77.84	69.42	55.95
External	40.56	33.83	38.81	11.63	16.10
Transfers and Subsidies	57.52	71.08	78.34	83.95	119.97
of which: Pensions	22.06	24.13	25.90	29.29	29.44
Current Account Balance	(22.32)	55.05	98.15	252.16	267.39
Capital Revenue	12.85	9.27	10.10	24.12	33.87
Grants	53.96	68.31	186.30	147.29	54.95
Of which: Capital Grants	8.65	7.05	14.55	102.62	48.36
Capital Expenditure and Net Lending	124.15	83.61	72.26	141.94	128.39
of which: Capital Expenditure	118.42	84.18	72.20	141.01	127.70
Primary Balance after grants	51.37	174.78	338.94	362.68	299.87
Overall Balance after grants	(79.66)	49.02	222.29	281.63	227.82
Financing	79.66	(49.02)	(222.29)	(281.63)	(227.82)
Domestic	105.93	(120.18)	(225.43)	(296.58)	(145.83)
ECCB (net)	(13.62)	(47.01)	(73.98)	(8.00)	19.82
Commercial Banks (net)	81.65	(77.10)	(76.15)	(767.40)	(160.62)
Other	37.91	3.93	(75.30)	478.82	(5.02)
External	(26.27)	71.16	3.14	14.95	(81.99)
Net Amortisation	(26.27)	34.66	3.14	14.95	(81.99)
Disbursements	36.53	133.30	94.57	46.18	8.67
Amortisation	(62.80)	(98.63)	(91.43)	(31.23)	(90.66)
Change in Govt. Foreign Assets	0.00	36.50	0.00	0.00	0.00
Arrears	0.00	0.00	0.00	0.00	0.00
Domestic	0.00	0.00	0.00	0.00	0.00
External	0.00	0.00	0.00	0.00	0.00

Source: Ministry of Finance - St Kitts, Nevis and Eastern Caribbean Central Bank
Data as at 12 February 2015

Table 38
St Kitts and Nevis - Monetary Survey
(EC$M at end of period)

	2009	2010	2011	2012	2013	2014
Net Foreign Assets	**609.68**	**644.76**	**925.14**	**1,377.56**	**1,945.84**	**2,357.38**
Central Bank (Net)	**334.25**	**424.06**	**629.40**	**679.43**	**786.50**	**859.71**
Commercial Banks (Net)	**275.43**	**220.71**	**295.73**	**698.13**	**1,159.34**	**1,497.67**
External (Net)	469.06	393.14	470.38	667.01	1,100.22	1,578.86
Assets	1,297.64	1,304.82	1,317.90	1,558.09	1,920.89	2,434.82
Liabilities	828.59	911.68	847.52	891.07	820.67	855.96
Other ECCB Territories (Net)	(193.63)	(172.43)	(174.65)	31.12	59.11	(81.19)
Assets	380.50	500.21	587.61	644.34	690.12	735.16
Liabilities	574.12	672.64	762.26	613.22	631.00	816.35
Net Domestic Assets	**1,156.04**	**1,303.48**	**1,249.87**	**969.40**	**642.71**	**597.76**
Domestic Credit	**1,708.54**	**1,870.36**	**1,784.10**	**1,490.31**	**1,133.02**	**1,012.58**
Central Government (Net)	782.45	542.90	819.80	582.38	(193.02)	(333.83)
Other Public Sector (Net)	(384.97)	(29.17)	(442.08)	(500.61)	(635.31)	(854.14)
Private Sector	1,311.06	1,356.63	1,406.38	1,408.54	1,961.35	2,200.55
Household	794.74	855.68	891.60	883.81	878.65	866.64
Business	435.43	410.40	427.50	433.84	428.51	479.42
Non-Bank Financial Institutior	46.48	47.35	48.33	49.18	46.88	16.20
Subsidiaries & Affiliates	34.41	43.21	38.95	41.71	607.31	838.30
Other Items (Net)	**(552.50)**	**(566.87)**	**(534.23)**	**(520.91)**	**(490.31)**	**(414.83)**
Monetary Liabilities (M2)	**1,765.72**	**1,948.24**	**2,175.01**	**2,346.96**	**2,588.54**	**2,955.13**
Money Supply (M1)	**260.52**	**361.02**	**485.48**	**541.33**	**521.09**	**582.11**
Currency with the Public	78.33	101.05	101.99	107.60	133.10	154.64
Demand Deposits	171.95	252.67	373.53	419.37	375.25	411.05
EC$ Cheques and Drafts Issued	10.24	7.30	9.96	14.36	12.74	16.42
Quasi Money	**1,505.19**	**1,587.22**	**1,689.53**	**1,805.63**	**2,067.45**	**2,373.02**
Savings Deposits	638.55	638.52	684.88	753.36	827.89	908.94
Time Deposits	490.97	576.73	607.01	555.00	606.56	585.53
Foreign Currency Deposits	375.67	371.96	397.65	497.27	633.01	878.55

Source: Eastern Caribbean Central Bank

Data available as at 16 February 2015

[R]Revisions included changes to Imputed Reserves calculation

Table 39
St Kitts and Nevis - Selected Tourism Statistics

	2010	**2011**	**2012**	**2013**	**2014**
Total Visitors	621,275	715,250	635,426	690,468	818,243
Stay- Over Visitors	98,329	101,701	104,240	106,904	114,514
of which:					
USA	58,710	64,245	66,988	68,385	69,856
Canada	6,054	5,961	7,073	7,202	8,646
UK	8,455	8,047	7,975	8,451	9,249
Caribbean	21,176	18,893	17,317	17,732	20,122
Other Countries	2,231	2,753	3,043	3,132	4,172
Excursionists	3,547	3,682	3,230	3,961	3,729
Yacht Passengers	3,612	4,460	1,651	4,069	5,319
Cruise Ship Passengers	515,787	605,407	526,305	575,534	694,681
Number of Cruise Ship Calls	293	337	298	300	371
Total Visitor Expenditure (EC$M)	**241.7**	**254.1**	**256.5**	**272.8**	**299.9**

SOURCE: Central Statistics Office, St Kitts, Nevis and Eastern Caribbean Central Bank
Data as at 12 February 2015

Table 40
St Kitts and Nevis - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013	2014
CURRENT ACCOUNT	(371.90)	(296.52)	(177.61)	(129.83)	(145.95)
GOODS AND SERVICES	(418.84)	(342.29)	(236.24)	(190.66)	(203.50)
Goods	(544.58)	(510.82)	(465.98)	(528.40)	(571.64)
Merchandise	(561.65)	(530.49)	(469.64)	(530.89)	(574.18)
Repair on goods	0.54	0.26	0.22	0.31	0.31
Goods procured in ports by carriers	16.53	19.41	3.44	2.18	2.23
Services	125.74	168.53	229.74	337.74	368.14
Transportation	(74.58)	(85.27)	(77.74)	(86.46)	(91.73)
Travel	206.59	215.71	216.26	232.55	257.97
Insurance Services	(29.00)	(31.42)	(30.65)	(27.46)	(29.03)
Other Business Services	(22.93)	(25.11)	(16.04)	(41.71)	(44.76)
Government Services	45.65	94.62	137.91	260.82	275.70
INCOME	(78.67)	(80.04)	(64.07)	(60.88)	(62.98)
Compensation of Employees	(1.12)	(0.13)	0.13	0.24	0.23
Investment Income	(77.55)	(79.92)	(64.20)	(61.12)	(63.21)
CURRENT TRANSFERS	125.61	125.81	122.69	121.70	120.53
General Government	34.16	44.60	35.06	23.51	23.05
Other Sectors	91.45	81.21	87.63	98.20	97.48
CAPITAL AND FINANCIAL ACCOUNT	461.92	465.49	242.98	236.94	219.16
CAPITAL ACCOUNT	162.51	232.80	399.74	332.45	328.62
Capital Transfers	162.51	232.80	399.74	332.45	328.62
General Government	37.10	46.98	183.43	65.03	48.36
Other Sectors	125.41	185.82	216.31	267.42	280.26
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
FINANCIAL ACCOUNT	299.42	232.68	(156.76)	(95.51)	(109.46)
Direct Investment	313.92	296.01	292.61	367.69	317.38
Portfolio Investment	(46.55)	(41.74)	(19.63)	(0.71)	(52.71)
Other Investments	32.05	(21.59)	(429.75)	(462.49)	(374.13)
Public Sector Long Term	(1.82)	10.39	(44.15)	11.40	(13.39)
Commercial Banks	54.73	(75.03)	(402.40)	(461.21)	(338.33)
Other Assets	(0.01)	25.66	9.66	(8.48)	(6.22)
Other Liabilities *	(20.86)	17.39	7.13	(4.20)	(16.19)
OVERALL BALANCE	90.02	168.96	65.36	107.10	73.21
FINANCING	(90.02)	(168.96)	(65.36)	(107.10)	(73.21)
Change in SDR holdings	0.00	36.60	(15.34)	0.00	0.00
Change in Reserve Position with the Fund	0.00	0.00	0.00	0.00	0.00
Change in Government Foreign Assets	(0.21)	(0.21)	0.00	(0.03)	0.00
Change in Imputed Reserves	(89.81)	(205.35)	(50.03)	(107.07)	(73.21)

Source: Central Statistics Office, St Kitts and Nevis and Eastern Caribbean Central Bank
*** Includes Errors & Omissions**
Data as at 12 February 2015

Table 41
Saint Lucia - Selected Economic Indicators

	2010	2011	2012	2013	2014
	(Annual Percentage Change Unless Otherwise Indicated)				
National Income and Prices					
Nominal GDP at Basic Prices	6.63	3.73	1.37	0.66	1.03
Real GDP at Basic Prices	(0.22)	1.33	(1.26)	(2.26)	(2.74)
GDP Deflator	6.86	2.36	2.66	2.99	3.88
Consumer Prices (end of period)	4.22	4.78	5.01	(0.74)	3.67
Consumer Prices (period average)	3.25	2.77	4.18	1.47	3.52
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Forestry and Fishing	(35.86)	(16.61)	19.13	2.51	(8.88)
Manufacturing	(5.06)	(1.70)	(3.04)	(3.91)	(2.12)
Mining and Quarrying	10.52	(3.83)	77.20	(44.11)	(23.26)
Electricity and Water	2.34	1.15	0.67	(0.02)	(1.73)
Construction	(9.38)	2.08	(3.55)	(10.56)	(23.26)
Wholesale and Retail Trade	(2.79)	20.21	(7.96)	(11.05)	(5.10)
Hotels and Restaurants	7.21	(5.26)	1.18	4.67	3.21
Transport, Storage and Communications	3.52	(2.89)	(5.44)	(4.75)	0.87
Transport and Storage	1.55	(3.88)	(1.92)	(1.97)	3.08
Communications	7.34	(1.08)	(11.72)	(10.28)	(3.92)
Financial Intermediation	(0.74)	2.25	2.22	0.79	(3.36)
Real Estate, Renting and Business Activities	3.78	1.54	0.74	4.26	(1.84)
Public Administration, Defence & Compulsory Social Security	2.79	2.51	1.55	2.09	0.15
Education	2.78	2.35	1.63	1.94	0.24
Health and Social Work	2.53	2.69	2.18	1.90	6.69
Other Services	1.87	8.93	(3.83)	(10.51)	2.02
FISIM	(2.40)	2.45	0.25	1.16	(2.76)
Import Cover Ratio	1.37	0.89	1.91	1.91	4.00
	(In percent of GDP)				
External Sector					
Current Account Balance	(16.29)	(18.82)	(13.57)	(11.20)	(6.89)
Overall Balance	2.55	0.61	1.26	(2.98)	4.90
Merchandise Trade Balance	(29.61)	(35.14)	(29.47)	(27.82)	(26.59)
Public Sector External Debt (end-of-period)	31.58	32.30	33.38	36.53	38.56
Central Government					
Current Account Balance	1.58	2.05	(0.44)	0.48	1.22
Current Revenue	23.11	23.45	23.04	24.00	24.45
Current Expenditure	21.53	21.40	23.48	23.51	23.23
Capital Expenditure and Net Lending	4.35	7.71	6.88	7.66	5.92
Overall Fiscal Balance	(0.61)	(4.65)	(6.51)	(6.68)	(3.08)
	(in percent per annum)				
Monetary Sector					
Weighted Deposit Interest Rates	3.25	3.07	2.93	2.79	2.58
Weighted Lending Interest Rates	9.48	9.05	8.51	8.41	8.50
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at Basic Prices	2,898.11	3,006.12	3,047.29	3,067.28	3,098.84
Real GDP at Basic Prices	2,529.10	2,562.76	2,530.58	2,473.33	2,405.51
Nominal GDP at Market Prices	3,359.60	3,481.74	3,517.20	3,606.56	3,686.65
Merchandise Imports (f.o.b)	1,574.08	1,655.73	1,529.19	1,474.12	1,409.39
Merchandise Exports (f.o.b)	579.19	432.24	492.57	470.87	429.02
Gross Visitor Expenditure	833.84	865.51	910.65	955.58	1,054.14
GDP per capita (EC$)	20,266.04	20,803.13	20,797.68	21,114.95	21,370.13

Source: Central Statistical Office, Saint Lucia and Eastern Caribbean Central Bank
Data as at 25 February 2015

Table 42
Saint Lucia - Central Government Fiscal Operations
(In Millions of Eastern Caribbean Dollars)

	2010	2011	2012	2013	2014
Current Revenue	776.24	816.52	810.38	865.41	901.38
Tax Revenue	729.02	764.29	740.24	814.25	855.50
Taxes on Income & Profits	223.19	245.16	226.11	223.05	218.79
Of which:					
Personal	79.90	89.58	92.88	93.96	100.55
Company/Corporation	89.75	101.26	80.46	62.07	62.89
Taxes on Property	3.26	3.97	4.56	8.30	8.10
Taxes on Domestic Goods and Services	125.13	125.73	182.58	362.87	383.21
Of which:					
Stamp Duty	16.71	16.04	18.86	12.94	14.19
Hotel Occupancy Tax	33.47	33.28	36.24	3.04	2.67
Licenses	25.12	23.26	23.06	26.68	23.53
Value Added Tax	0.00	0.00	56.50	298.14	322.02
Taxes on International Trade and Transactions	377.44	389.43	327.00	220.03	245.41
Of which:					
Consumption Tax	111.76	112.35	73.72	0.50	0.24
Import Duty	99.29	105.66	101.41	93.92	101.54
Service Charge	61.85	69.06	69.22	61.31	60.06
Excise Tax	67.79	68.86	53.94	54.75	65.72
Non-Tax Revenue	47.23	52.23	70.14	51.16	45.88
Current Expenditure	723.18	745.24	825.85	847.94	856.43
Personal Emoluments	336.64	345.42	359.12	372.92	377.46
Goods and Services	148.71	141.82	159.81	168.13	158.84
Interest Payments	92.82	100.18	123.18	134.81	143.95
Domestic	50.37	58.36	73.39	81.66	91.14
External	42.46	41.83	49.79	53.15	52.80
Transfers and Subsidies	145.00	157.82	183.73	172.09	176.18
Of which: Pensions	55.73	58.21	62.30	64.07	70.69
Current Account Balance	53.07	71.28	(15.47)	17.46	44.95
Capital Revenue	8.64	0.53	5.52	0.42	0.18
Grants	64.03	34.73	23.09	17.33	59.48
Of which: Capital Grants	64.03	34.73	23.09	17.33	59.48
Capital Expenditure and Net Lending	146.19	268.37	242.02	276.24	218.14
Of which: Capital Expenditure	146.19	268.37	242.02	276.24	218.14
Primary Balance after grants	72.37	(61.64)	(105.70)	(106.21)	30.41
Overall Balance after grants	(20.45)	(161.82)	(228.88)	(241.02)	(113.53)
Financing	20.45	161.82	228.88	241.02	113.53
Domestic	(55.44)	46.20	186.24	274.25	50.55
ECCB (net)	(46.09)	(2.69)	21.70	65.74	(34.10)
Commercial Banks (net)	(53.04)	53.75	141.64	79.88	(16.72)
Other	43.69	(4.85)	22.90	128.63	101.38
External	75.89	115.62	42.64	(33.22)	62.98
Net Disbursement (Amortisation)	75.89	115.62	42.64	(33.22)	62.98
Disbursements	204.13	187.58	112.24	100.02	168.83
Amortisation	128.24	71.96	69.61	133.24	105.85
Change in Govt. Foreign Assets	-	-	-	-	-
Arrears	-	-	-	-	-
Domestic	-	-	-	-	-
External	-	-	-	-	-
Other financing	-	-	-	-	-

Source: Ministry of Finance, Saint Lucia and Eastern Caribbean Central Bank
Data as at 25 February 2015

Table 43
Saint Lucia - Monetary Survey
(EC$M at end of period)

	2009	2010	2011	2012	2013R	2014P
Net Foreign Assets	**(499.60)**	**(299.90)**	**(489.24)**	**(576.84)**	**(646.15)**	**(304.19)**
Central Bank (Net)	**410.60**	**496.24**	**517.81**	**562.22**	**454.85**	**635.38**
Commercial Banks (Net)	**(910.21)**	**(796.14)**	**(1,007.06)**	**(1,139.07)**	**(1,101.00)**	**(939.57)**
External (Net)	(572.59)	(410.15)	(591.97)	(485.18)	(390.10)	(199.70)
Assets	441.69	420.98	368.37	558.28	605.91	749.41
Liabilities	1,014.28	831.13	960.34	1,043.46	996.01	949.12
Other ECCB Territories (Net)	(337.62)	(385.99)	(415.09)	(653.88)	(710.90)	(739.87)
Assets	367.66	416.07	454.50	314.40	300.91	236.83
Liabilities	705.28	802.06	869.59	968.29	1,011.82	976.70
Net Domestic Assets	**3,010.41**	**2,859.09**	**3,219.01**	**3,375.33**	**3,499.35**	**3,192.13**
Domestic Credit	**3,455.56**	**3,395.22**	**3,597.63**	**3,903.51**	**3,977.32**	**3,579.47**
Central Government (Net)	47.12	(52.01)	(0.96)	162.38	307.99	257.17
Other Public Sector (Net)	(337.01)	(340.35)	(288.90)	(343.46)	(382.10)	(456.29)
Private Sector	3,745.45	3,787.58	3,887.49	4,084.59	4,051.43	3,778.60
Household	1,240.90	1,307.75	1,349.27	1,568.14	1,572.07	1,788.05
Business	2,297.73	2,329.69	2,384.41	2,438.25	2,435.26	1,962.33
Non-Bank Financial Institutior	41.25	30.45	22.48	37.01	28.10	16.66
Subsidiaries & Affiliates	165.57	119.69	131.34	41.19	16.01	11.56
Other Items (Net)	**(445.16)**	**(536.13)**	**(378.61)**	**(528.17)**	**(477.97)**	**(387.34)**
Monetary Liabilities (M2)	**2,510.80**	**2,559.19**	**2,729.77**	**2,798.49**	**2,853.20**	**2,887.94**
Money Supply (M1)	**658.87**	**643.62**	**675.03**	**701.03**	**695.44**	**748.57**
Currency with the Public	142.46	151.53	165.24	163.01	159.97	154.89
Demand Deposits	504.23	481.77	496.55	528.78	527.61	583.57
EC$ Cheques and Drafts Issued	12.17	10.32	13.24	9.24	7.86	10.10
Quasi Money	**1,851.93**	**1,915.57**	**2,054.73**	**2,097.46**	**2,157.76**	**2,139.37**
Savings Deposits	1,301.71	1,319.01	1,393.50	1,448.31	1,543.19	1,526.49
Time Deposits	405.44	443.67	490.99	486.90	443.79	369.54
Foreign Currency Deposits	144.78	152.90	170.25	162.25	170.78	243.34

Source: Eastern Caribbean Central Bank

Data available as at 25 February 2015

[R]Revisions included changes to Imputed Reserves calculation

Table 44
Saint Lucia - Selected Tourism Statistics

	2010	2011	2012	2013	2014
Total Visitor Arrivals	1,026,343	994,961	931,222	960,617	1,034,068
Stay Over Arrivals	305,937	312,404	306,801	318,626	338,158
USA	129,085	122,356	115,065	128,331	142,582
Canada	32,154	35,393	37,709	35,985	41,502
UK	67,417	73,059	75,674	70,868	73,960
Caribbean	53,998	58,876	56,066	60,521	55,516
Other Countries	23,283	22,720	22,287	22,921	24,598
Excursionists	7,613	10,523	10,354	8,227	7,526
Cruise Ship Passengers	670,043	630,304	571,894	594,118	641,452
Yacht Passengers	42,750	41,730	42,173	39,646	46,932
Number of Cruise Ships	375	351	336	341	386
Total Visitor Expenditure (EC$M)	**833.84**	**865.51**	**910.65**	**955.58**	**1,054.14**

Source: Saint Lucia Tourist Board and Eastern Caribbean Central Bank
Data as at 25 February 2015

Table 45
Saint Lucia - Balance of Payments
(In Millions of Eastern Caribbean Dollars)

	2010	2011	2012	2013	2014
Current Account	**(547.44)**	**(655.24)**	**(477.31)**	**(404.04)**	**(254.04)**
Goods and Services	**(482.10)**	**(657.13)**	**(399.15)**	**(346.67)**	**(210.77)**
Goods	(929.08)	(1,136.61)	(955.61)	(933.41)	(916.74)
Merchandise	(994.89)	(1,223.50)	(1,036.62)	(1,003.25)	(980.37)
Repair on goods	0.00	0.00	0.00	0.00	0.00
Goods procured in ports by carriers	65.81	86.89	81.01	69.84	63.63
Services	446.98	479.48	556.46	586.74	705.97
Transportation	(168.82)	(191.66)	(172.04)	(187.79)	(181.03)
Travel	703.49	736.09	798.06	839.09	939.99
Insurance Services	(24.10)	(27.36)	(21.38)	(25.34)	(22.52)
Legal and Accountancy Services	(57.37)	(28.74)	(37.94)	(32.05)	(23.15)
Government Services	(6.22)	(8.86)	(10.23)	(7.18)	(7.32)
Income	**(106.83)**	**(53.59)**	**(95.31)**	**(70.13)**	**(69.22)**
Compensation of Employees	0.98	0.96	0.95	0.49	0.50
Investment Income	(107.82)	(54.56)	(96.26)	(70.63)	(69.72)
Current Transfers	**41.50**	**55.48**	**17.14**	**12.76**	**25.94**
General Government	4.54	1.53	(3.42)	(2.59)	(2.67)
Other Sectors	36.95	53.95	20.56	15.35	28.61
Capital and Financial Account	**633.07**	**676.39**	**521.72**	**296.67**	**434.58**
Capital Account	**118.36**	**91.73**	**88.88**	**55.87**	**83.76**
Capital Transfers	118.36	91.73	88.88	55.87	83.76
General Government	114.55	87.83	84.72	51.65	79.48
Other Sectors	3.81	3.90	4.16	4.22	4.28
Acquisition & Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	**514.71**	**584.66**	**432.84**	**240.81**	**350.81**
Direct Investment	327.50	218.32	198.61	248.51	196.21
Portfolio Investment	82.60	91.38	138.45	304.94	100.09
Other Investments	104.61	274.96	95.78	(312.65)	54.52
Public Sector Long Term	79.68	3.86	(39.42)	(7.72)	50.77
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	(114.07)	210.92	132.01	(38.06)	(161.43)
Other Assets	13.03	(3.93)	(40.85)	(292.30)	45.96
Other Liabilities *	125.97	64.11	44.05	25.43	119.23
Overall Balance	**85.63**	**21.15**	**44.41**	**(107.37)**	**180.53**
Financing	**(85.63)**	**(21.15)**	**(44.41)**	**107.37**	**(180.53)**
Change in SDR holdings	-	0.43	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	-	-	-	-	-
Change in Imputed Reserves	(85.63)	(21.58)	(44.41)	107.37	(180.53)

Source: Central Statistical Office, Saint Lucia and Eastern Caribbean Central Bank
* includes errors & omissions
Data as at 25 February 2015

Table 46
St Vincent and the Grenadines - Selected Economic Indicators

	2010	2011	2012	2013[R]	2014[P]
	(annual percentage change unless otherwise stated)				
National Income and Prices					
Nominal GDP at basic prices	2.03	0.05	2.50	4.10	0.54
Real GDP at basic prices	(2.34)	0.19	1.09	2.39	(1.26)
GDP Deflator	4.47	(0.14)	1.40	1.66	1.83
Consumer Prices (end of period)	2.02	4.74	1.04	-	0.09
Consumer Prices (period average)	1.48	3.95	2.27	0.81	0.19
Real GDP at Factor Cost by Selected Sectors					
Agriculture, Livestock and Forestry	(18.03)	0.06	2.21	6.35	1.70
Fishing	(15.15)	(3.01)	(14.93)	6.60	(1.00)
Mining and Quarrying	(21.83)	(24.73)	(24.44)	(18.40)	(15.00)
Manufacturing	(4.93)	4.92	(4.32)	(2.15)	3.50
Electricity and Water	(4.54)	(2.19)	4.86	(0.45)	(1.86)
Construction	(3.12)	(3.37)	(3.53)	6.60	(15.00)
Wholesale and Retail Trade	(0.91)	(5.01)	2.24	4.22	(3.50)
Hotels and Restaurants	(14.19)	4.10	0.16	(0.77)	(1.72)
Transport , Storage and Communications	(1.58)	0.27	(0.23)	0.11	(1.37)
Transport	0.82	(0.14)	(0.21)	(0.30)	(2.39)
Communication	(7.94)	1.45	(0.30)	1.27	1.50
Financial Intermediation	(6.29)	3.63	0.13	(0.62)	1.61
Real Estate, Renting and Business Activities	(0.28)	0.30	0.32	0.93	0.62
Public Administration, Defence & Compulsory Social Security	8.61	4.82	5.29	3.59	2.50
Education	(1.23)	2.38	4.96	2.36	2.54
Health and Social Work	1.82	4.65	4.65	1.65	0.46
Other Services	10.00	0.38	4.22	2.75	1.50
FISIM	(2.65)	(4.96)	3.06	(16.01)	-
Import Cover Ratio	3.38	2.85	3.33	4.32	5.41
	(in per cent of GDP)				
External Sector					
Current Account Balance	(30.57)	(29.37)	(27.50)	(30.99)	(29.61)
Overall Balance	3.72	(3.38)	3.02	3.60	3.15
Merchandise Trade Balance	(37.62)	(37.45)	(38.98)	(38.46)	(37.11)
Public Sector External Debt (end-of-period)	46.01	48.46	47.44	49.29	52.34
Central Government					
Current Account Balance	0.58	(1.79)	(0.87)	(1.48)	0.38
Current Revenue	26.30	25.30	25.21	23.83	26.52
Current Expenditure	25.72	27.09	26.08	25.31	26.14
Capital Expenditure and Net Lending	4.26	3.45	2.89	7.82	5.81
Overall Fiscal Balance	(2.86)	(2.69)	(2.05)	(6.19)	(3.90)
	(in per cent per annum)				
Monetary Sector					
Weighted Average Deposit Interest Rate	2.76	2.90	2.79	2.63	2.46
Weighted Average Lending Interest Rate	9.00	9.08	9.42	9.41	7.92
	(in millions of EC dollars, unless otherwise stated)				
Memo					
Nominal GDP at basic prices	1,556.86	1,557.62	1,596.61	1,662.03	1,671.09
Real GDP at basic prices	1,386.34	1,389.01	1,404.10	1,437.71	1,419.63
Nominal GDP at market prices	1,839.70	1,828.01	1,875.00	1,940.97	1,967.48
Merchandise Imports (f.o.b)	803.01	788.18	845.97	879.14	860.08
Merchandise Exports (f.o.b)	110.94	103.51	115.02	132.81	130.00
Gross Visitor Expenditure	232.70	247.55	254.20	249.33	251.62
GDP per capita (EC$)	18,151.60	17,857.64	18,135.43	18,681.66	18,844.16

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning and Eastern Caribbean Central Bank
Data available as at 25 February 2015

Table 47
St Vincent and the Grenadines - Central Government Fiscal Operations
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013^R	2014^P
Current Revenue	483.80	462.48	472.62	462.58	521.75
Tax Revenue	421.47	412.14	430.58	420.63	467.21
Taxes on Income and Profits	108.81	114.40	122.41	111.44	137.16
of which:					
Personal	61.69	67.38	71.81	69.38	71.52
Corporation	40.03	37.86	40.90	30.49	40.18
Taxes on Property	2.90	2.81	2.70	3.90	4.13
Taxes on Domestic Goods and Services	227.96	213.73	224.35	223.30	240.47
of which:					
Stamp Duties	22.68	15.71	17.41	26.15	26.13
Excise Tax	26.67	24.29	27.55	25.57	33.02
Value Added Tax	136.64	132.31	134.06	130.74	137.99
Licences	25.40	23.44	26.13	25.18	28.33
Taxes on International Trade and Transactions	81.80	81.20	81.12	82.00	85.45
of which:					
Import Duties	48.16	47.12	47.60	48.33	49.27
Excise Tax	-	-	-	-	-
Customs Service Charge	29.30	30.68	30.23	30.37	31.92
Non-Tax Revenue	62.33	50.34	42.05	41.95	54.54
Current Expenditure	473.15	495.16	488.92	491.26	514.29
Personal Emoluments	221.81	231.15	242.90	250.95	247.76
Goods and Services	67.07	74.34	70.46	66.10	73.58
Interest Payments	52.40	46.04	44.39	47.91	45.79
Domestic	31.23	23.42	23.29	29.45	27.41
External	21.17	22.62	21.10	18.46	18.37
Transfers and Subsidies	131.87	143.63	131.17	126.30	147.16
of which: Pensions	45.28	45.01	49.61	54.40	58.50
Current Account Balance	10.65	(32.69)	(16.29)	(28.68)	7.46
Capital Revenue	1.01	10.35	5.38	34.33	0.73
Grants	14.16	36.21	26.59	26.02	29.45
of which: Capital Grants	14.16	36.21	26.59	26.02	29.45
Capital Expenditure and Net Lending	78.40	63.01	54.16	151.80	114.40
of which: Capital Expenditure	78.40	63.01	54.16	151.80	114.40
Primary Balance after grants	(0.19)	(3.10)	5.91	(72.21)	(30.97)
Overall Balance after grants	(52.59)	(49.14)	(38.47)	(120.12)	(76.76)
Financing	52.59	49.14	38.47	120.12	76.76
Domestic	(186.58)	(0.27)	0.79	14.35	(65.46)
Central Banks (net)	1.34	21.71	(22.23)	6.78	2.18
Commercial Banks (net)	(106.61)	0.45	27.29	7.75	22.35
Other	(81.31)	(22.43)	(4.27)	(0.18)	(89.99)
External	174.14	31.76	1.10	96.34	97.26
Net Disbursements/(Amortisation)	146.15	31.76	1.10	96.34	97.26
Disbursements	201.72	83.75	52.73	146.05	139.72
Amortisation	55.57	51.99	51.63	49.71	42.47
Change in Govt. Foreign Assets	27.99	-	-	-	-
Arrears	23.03	17.65	36.58	9.42	44.97
Domestic	23.03	17.65	36.58	9.42	44.97
External	-	-	-	-	-
Other Financing	42.00	-	-	-	-

Source: Ministry of Finance and Economic Planning, St Vincent and the Grenadines and Eastern Caribbean Central Bank
Data available as at 25 February 2015

Table 48
St Vincent and the Grenadines - Monetary Survey
(EC$M at end of period)

	2009	2010	2011	2012[R]	2013	2014[P]
Net Foreign Assets	**361.72**	**475.30**	**394.30**	**408.78**	**493.08**	**508.23**
Central Bank (Net)	**203.56**	**299.97**	**238.11**	**294.66**	**359.42**	**421.43**
Commercial Banks (Net)	**158.16**	**175.33**	**156.19**	**114.12**	**133.66**	**86.80**
External (Net)	(26.29)	(94.02)	(100.81)	(88.05)	(30.71)	5.79
Assets	160.01	139.76	126.02	119.86	174.55	215.78
Liabilities	186.30	233.78	226.83	207.91	205.26	209.99
Other ECCB Territories (Net)	184.45	269.35	257.00	202.17	164.37	81.01
Assets	365.48	390.72	366.69	300.24	276.13	200.15
Liabilities	181.03	121.37	109.69	98.07	111.77	119.13
Net Domestic Assets	**724.05**	**638.70**	**715.84**	**775.17**	**791.95**	**900.40**
Domestic Credit	**1,029.23**	**891.98**	**906.67**	**959.54**	**998.91**	**1,020.24**
Central Government (Net)	127.60	22.33	44.49	49.53	64.09	88.61
Other Public Sector (Net)	(41.23)	(90.35)	(137.07)	(124.31)	(113.02)	(113.63)
Private Sector	942.85	960.00	999.25	1,034.32	1,047.84	1,045.26
Household	592.67	597.42	637.33	670.32	777.08	789.59
Business	343.71	355.92	330.06	343.40	250.34	235.61
Non-Bank Financial Institutior	6.47	6.66	27.86	16.60	16.43	16.06
Subsidiaries & Affiliates	-	-	4.00	4.00	4.00	4.00
Other Items (Net)	**(305.18)**	**(253.28)**	**(190.83)**	**(184.37)**	**(206.96)**	**(119.84)**
Monetary Liabilities (M2)	**1,085.77**	**1,114.00**	**1,110.14**	**1,183.95**	**1,285.03**	**1,408.62**
Money Supply (M1)	**359.06**	**345.48**	**331.45**	**360.94**	**374.21**	**426.30**
Currency with the Public	63.50	50.61	46.51	43.87	48.14	53.61
Demand Deposits	284.89	289.12	276.31	310.58	320.08	364.30
EC$ Cheques and Drafts Issued	10.67	5.75	8.62	6.50	5.99	8.39
Quasi Money	**726.71**	**768.52**	**778.70**	**823.01**	**910.82**	**982.33**
Savings Deposits	575.02	594.02	594.18	632.95	717.40	779.44
Time Deposits	121.65	129.16	139.70	153.73	136.28	130.09
Foreign Currency Deposits	30.04	45.34	44.82	36.32	57.15	72.79

Source: Eastern Caribbean Central Bank
Data available as at 12 March 2015

Table 49
St Vincent and the Grenadines - Selected Tourism Statistics

	2010	2011	2012	2013R	2014P
Total Visitor Arrivals	231,121	207,997	199,840	200,121	204,934
Stay-Over Arrivals	72,478	73,866	74,364	71,725	70,713
Of Which:					
USA	21,551	21,164	21,454	20,106	19,838
Canada	7,208	6,719	7,424	7,146	7,203
UK	12,136	14,895	15,023	15,183	15,960
Caribbean	23,968	23,272	22,768	21,745	19,886
Other Countries	7,615	7,816	7,695	7,545	7,826
Excursionists	5,086	3,941	3,051	2,663	2,152
Yacht Passengers	42,603	41,266	45,246	45,548	46,899
Cruise Ship Passengers	110,954	88,924	77,179	80,185	85,170
Number of Cruise Ship Calls	131	124	172	212	222
Total Visitor Expenditure (EC$M)	**232.70**	**247.55**	**254.20**	**249.33**	**251.62**

Source: St Vincent and the Grenadines Tourism Authority and Eastern Caribbean Central Bank
Data available as at 25 February 2015

Table 50
St Vincent and the Grenadines - Balance of Payments
(In millions of Eastern Caribbean dollars)

	2010	2011	2012	2013[R]	2014[P]
Current Account	(562.45)	(536.97)	(515.53)	(601.52)	(582.59)
Goods and Services	(556.18)	(523.33)	(568.96)	(638.51)	(618.63)
Goods	(682.32)	(671.91)	(718.90)	(734.63)	(718.02)
Merchandise	(692.07)	(684.68)	(730.95)	(746.40)	(730.09)
Repair on goods	0.02	0.02	0.02	0.02	0.02
Goods procured in ports by carriers	9.72	12.75	12.04	11.76	12.05
Services	126.15	148.58	149.94	96.12	99.38
Transport	(94.17)	(93.06)	(98.67)	(101.88)	(99.06)
Travel	192.82	212.12	217.17	211.16	211.89
Insurance Services	(19.31)	(18.17)	(21.14)	(22.64)	(22.29)
Other Business Services	57.14	53.68	59.66	22.35	21.92
Government Services	(10.34)	(5.99)	(7.10)	(12.87)	(13.07)
Income	(33.15)	(34.94)	(10.31)	0.14	(0.10)
Compensation of Employees	16.60	16.14	19.69	22.43	23.13
Investment Income	(49.75)	(51.09)	(30.00)	(22.29)	(23.23)
Current Transfers	26.89	21.30	63.74	36.85	36.15
General Government	(1.92)	(5.60)	29.98	11.34	11.24
Other Sectors	28.81	26.90	33.76	25.51	24.91
Capital and Financial Account	616.65	478.93	570.77	693.86	653.60
Capital Account	148.04	104.31	91.72	52.97	65.57
Capital Transfers	148.04	104.31	91.72	52.97	65.57
Acquisition and Disposal of Non-Produced, Non-Financial Assets	-	-	-	-	-
Financial Account	468.61	374.62	479.05	640.88	588.02
Direct Investment	262.49	231.18	310.80	430.84	373.09
Portfolio Investment	(1.42)	(8.57)	14.85	40.92	0.48
Other Investments	207.55	152.00	153.40	169.13	214.46
Public Sector Long Term	141.45	31.87	(34.58)	102.44	71.70
Other Public Sector Capital	-	-	-	-	-
Commercial Banks	(17.16)	19.14	42.07	(19.54)	46.86
Other Assets	38.08	77.99	107.45	50.12	57.97
Other Liabilities*	45.18	23.00	38.45	36.11	37.93
Overall Balance	68.43	(61.86)	56.55	69.78	62.01
Financing	(68.43)	61.86	(56.55)	(69.78)	(62.01)
Change in SDR holdings	27.99	-	-	-	-
Change in Reserve Position with the Fund	-	-	-	-	-
Change in Government Foreign Assets	-	-	-	-	-
Change in Imputed Reserves	(96.42)	61.86	(56.55)	(69.78)	(62.01)

Source: Statistical Office, Central Planning Division, Ministry of Finance and Economic Planning and Eastern Caribbean Central Bank

*includes errors and omissions

Data available as at 25 February 2015

Innovation, Entrepreneurship and Economic Growth in the Caribbean

"Entrepreneurship, Innovation, and Private Sector Development as a Necessary Condition for Sustainable Growth and Socioeconomic Transformation in the Eastern Caribbean Currency Union"

by

The Hon Sir K Dwight Venner

Governor

Eastern Caribbean Central Bank

High Level Science, Technology and Innovation Conference:
"Strengthening and Utilizing S&T in the Caribbean"
The Flamboyant Hotel, Grenada
26 to 28 March 2015

Entrepreneurship, Innovation, and Private Sector Development as a Necessary Condition for Sustainable Growth and Socioeconomic Transformation in the Eastern Caribbean Currency Union

The ECCU has reached a turning point in its economic history as it seeks to recover from the severe impact of the Global Recession on the economies of its member countries. This presentation will address the critical role of entrepreneurship, innovation and private sector development in providing the fundamental underpinning for moving these economies, societies and polities to higher levels of advancement in this century.

The ECCU comprises eight (8) of the nine (9) countries of the OECS, the other country being the British Virgin Islands which uses the US dollar as its currency. These islands have some fundamental structural issues which have proven to be major constraints on their development. The countries and their economies are extremely small, open and vulnerable to external shocks and natural disasters. The combined estimated population of the islands is 627,800 with a physical size of 1124 square miles. The Gross Domestic Product is approximately 16.2 billion, with per capita GDP of $25,745.

With respect to openness, the ratio of exports and imports to GDP is over one hundred per cent, with the countries importing most of their consumer, intermediate and capital goods and exporting a very limited range of goods, being mainly dependent on the tourism industry.

The vulnerability of the countries is vividly illustrated by the havoc caused by tropical storms which have occurred with a fair degree of regularity over the years, resulting in significant losses of national output and new expenditures for replacing essential infrastructure such as buildings, both residential and commercial, roads and bridges.

The close relationship with our main trading partners the United States of America, the United Kingdom, Canada and the European Union, has resulted in the business cycles of those countries having a marked impact on our economic and financial systems.

Another major structural factor is the seasonality of our main productive sectors, tourism and agriculture, which has caused economic activity to be limited to less than a full calendar year with a significant underutilization of resources.

Because of the abovementioned factors, the state, the private sector and the financial sector are unable to derive substantial economies of scale and scope in public administration, production, distribution and marketing. The current situation is one in which the public sector or the state can be described as over-stretched, given the demands for public goods and services in the context of narrow economic and tax bases.

The private sector is constrained by small and undiversified markets and follows the historic trend of being engaged mainly in distribution, wholesale, retail, professional services and construction. Activity in the formal segment is to a large extent focused on non-tradeables with a much smaller per cent being in tradeables. This structure is not conducive to facilitating growth as it is anchored in consumption activities.

There are two factors which encourage this pattern. First, our geographic location is in close proximity to the largest mass consumption society in the world, which shapes our own consumption patterns. This demonstration effect is transmitted through the media, mainly television, our friends and relatives in the USA and frequent visits to that country. The second factor is the presence of a liberal democratic political system with a competitive multiparty system in which many promises are made in order to be elected.

The financial system which is dominated by foreign and local commercial banks is aligned to this private sector structure by both history and practice. It is Anglo Saxon in orientation which means that the banks lend for short term purposes and do not venture into the more risky projects necessary for growth and development.

The current economic system can be described by what we term the Input-Consumption- Default model. Input describes the approach to investment which concentrates on the upfront investment but not the final output. The facts are that, despite high levels of public and private investments, output and growth levels remain low and not related to the inputs. This is as a result of the lack of coordination of these investments that is they occur in silos and with limited multiplier effects, because of the choice of projects, and massive inefficiencies leading to wasteful cost over-runs. Lack of coordination of policies, programmes and projects is also a major cause of lagging economic growth. This occurs within government, between government and the private sector, and between the countries in the OECS/ECCU. The Default element is related to the use of policies which are traditional and have not been changed for a long time, policies which have been thrust upon us by external agencies, such as the international financial institutions and donor countries, and the imitation of policies which may not be appropriate to our particular environment.

The challenge for us is: How do we break out of the current low output/high debt scenario and choose between the four outcomes which could confront us in the future? These are:

i. Failed states
ii. Barebones survival
iii. Moderate growth, and
iv. Socioeconomic transformation.

To achieve the preferred outcome, which is socioeconomic transformation, requires a rate of growth ranging between 5 and 7 per cent which is not attainable with the current economic policies and the existing economic resource base. Socioeconomic transformation requires the creation of a dynamic private sector which is export oriented and internationally competitive. This will require an efficient and effective state and a transformed financial sector as supporting and complementary institutions. Of major importance however will be what we refer to at the ECCB as the seven great modernizations which represent the fundamental platform for achieving our goals. The seven are as follows:

1. Energy
2. Transportation
3. The Environment
4. Education and Skills Training
5. Research and Development
6. ICT and
7. Governance

The first three require a significant engineering input and specialization in the hard sciences. A cadre of engineers will be required to investigate and develop projects to enhance the infrastructure in these areas. The second three are the essential knowledge based areas where human capital is critical to increase productivity through innovation. The final one, that is governance, is the over-arching platform which coordinates and guides, establishing the institutional framework for making and executing policies with regard to the first six.

For the OECS/ECCU countries, the new Treaty of Basseterre is the legal framework under which governance and policy making will be organized. This, under the present constitutional arrangements, will form what can be termed a dual system of government and governance, incorporating and coordinating the policies, programmes and projects which will facilitate the development of the member countries. The creation of a single financial and economic space will provide a more conducive domain for our development.

The more specific challenges relate to the nurturing of entrepreneurship and the development of an innovative outward looking private sector which is a medium to long term project, but must be started immediately. The beginning of this project involves the updating of the work done in Saint Lucia with the census of the private sector and continuing this work in all of the OECS countries. This would be the starting point for a diagnostic process to identify the structure of the private sector in each country, the activities in which they are engaged, the difficulties they have as a private sector generally, and the specific impediments to operating in the export sector. This would also involve the use of the 'Doing Business Survey' carried out by The World Bank and a more targeted survey with the OECS environment as its base.

The next step would be to identify actual and potential sources for entrepreneurs in the OECS domain. The following are being suggested:

1. The transformation of some of the traditional trading firms by providing incentives for them to enter the export sector;
2. Citizens of the OECS in various diasporas involved in business ventures who may be enticed back to their countries, or more appropriately, to the single economic and financial space. They

need not move completely, but have a branch of their business in the space as an outpost of the original business. There is a publication entitled the "New Argonauts" by AnnaLee Saxenian which chronicles such operations by entrepreneurs in the United States of America from Ireland, India, Israel, the Peoples Republic of China, the Republic of China on Taiwan and South Korea.

3. Middle level professionals who have good networks, local and regional knowledge, and business acumen who could be incentivized into becoming entrepreneurs. Two forms of organisation are available to them, namely, production cooperatives and investment clubs. These are critical in small societies which require joint activities to establish the critical mass necessary to ensure success.
4. Another potential source would be the excess workers in the public and banking sectors who have the regulatory and organizational skills to participate in entrepreneurial projects. The key factor would be the use of separation packages which provide funding, training in business development and management, a menu of projects carefully developed to identify the areas in which we have a comparative advantage which can be leveraged into a competitive advantage, and the establishment of clusters of export- oriented activities which have the critical mass to attract complementary and supporting functions which are commercially viable, such as research facilities.
5. Finally, a robust investment in encouraging young people in primary and secondary schools and recent school leavers to become entrepreneurs through targeted programs. Examples of these could be the widespread establishment of Science Clubs, Savings Clubs, 4 H Clubs, and the Junior Achievement Programme.

A very important exercise would be the identification of focal points in each country where scientific activities are being conducted. Organizations such as Ministries of Agriculture, Education, Health and Public Works are all heavily involved in scientific activities, though not in research. Bureaus of standards and other laboratories do exist which test products for domestic consumption and to meet export standards. Air and Seaport authorities also have heavy equipment which requires sophisticated mechanical and engineering skills to maintain.

In the educational system our Community Colleges must be identified as thought leaders in spurring an interest in scientific activities which facilitate the creation of a new scientifically oriented class of entrepreneurs.

The challenge for us is to create a coordinating platform within each country and across the Economic Union to incorporate scientific research activities of the applied type allied to our production nodes, in order to focus on creating an innovative private sector which operates exclusively in the export sector. This will require an institutional framework which can be provided by the Economic Union and a central data base which can be subject to open access. The public sector, private sector and the financial sector should be full participants in this effort as they have the capacity and vested interest in the outcome.

The public sector would have to commit, in a focused and practical way, to the encouragement of an export-oriented entrepreneurial class and reorient its educational policies to this objective. The financial sector must be transformed to be able to finance and develop the kinds of financial products which would facilitate this new economic paradigm. The private sector will need to reconstruct itself to be the driving force in this initiative. It is for this reason that an OECS Business Council has been established to unite the various organizations, for example, Chambers of Commerce, Employers Federation, Tourism, Agriculture, Small Business and Manufacturers Associations in each country and across the Economic Union.

The private sector in the OECS differs markedly from its counterparts in the wider Caribbean. The very size of each country is a constraint on private sector development, hence the importance of operating within the wider space of the Economic Union. The supporting institutional infrastructure such as for example, a local campus, very large firms which can provide leadership, such as a Grace Kennedy in Jamaica, an AnsaMcal in Trinidad and Tobago and a Goddards in

Barbados, and support services and access to international arrangements are not available. This has its impact on the development of private firms and enterprises in the OECS in their ability to access project support. Most of these projects assume that the OECS private sector is on par with the rest of the region and so, in the competition for resources, they come off second best.

There are a number of issues which set the OECS apart with respect to interventions that involve the state, the private sector and external institutions and organisations. The first concerns the banana industry in the Windward Islands which brought about a virtual socioeconomic revolution in those islands. The banana industry came about after the demise of sugar and was established in large part by five critical decisions taken by the British government:

1. That the industry should involve production in all four islands to achieve critical mass;
2. The establishment of a research center to select the most appropriate strain of bananas and to treat with the pathology of a crop which is very susceptible to plant diseases;
3. The shipping company Van Geest was contracted to transport the crop;
4. Marks and Spencers was contracted to market it in the UK;
5. The British government provided a protected market.

Small farmers thrived in this arrangement and valuable supply chains were established between the UK and the Windward Islands.

In the case of telecoms, an intervention by The World Bank led to the liberalisation of this sector which experienced significant growth. The World Bank also made a critical intervention in the cruise ship industry with respect to charges for disposal of solid waste which has had an impact on the environment within our coastal waters. Direct foreign investment has been of great importance but it has not been noted for the transfer of technology and management skills. This intervention must be more programmed to have a significant developmental impact which would require the state and the domestic private sector working in tandem to ensure that there is transfer of technology and substantial spillover effects from foreign investment.

Two issues of interest to policy makers would be a study of the influence of the exchange rate and the wage levels on the potential for export competitiveness, and the impact on our economies of missing out on the development of secondary activities such as manufacturing. This latter has important path dependent implications. The natural sequence of development moves from primary to secondary to tertiary economic activities. We have passed from primary to tertiary and may have missed the advantages and externalities of the secondary stage. This was the stage at which the change in production methods between agriculture and industry became differentiated with major innovations based on science and technology becoming dominant. The establishment of educational institutions which catered to the new production technologies became a critical element of the new economies. Measurement and precision became a part of the production process.

The absence of an industrial revolution in our countries may have precluded a different trajectory in our economic growth. Since we have moved to basically service economies based on tourism, the question then becomes: Can tourism fill the gap that industry should have filled? What, for example, are the scientific requirements of the tourism industry which could provide higher levels of productivity and lower costs to make the industry internationally competitive? In addition, since the tourism industry is international in scope, what innovations and applications developed for our industry can be sold to other destinations? The role of tourism in terms of linkages, both backward and forward, as well as its possibilities as a launching pad for exporting goods and services to the source countries, is one that should be seriously explored.

The possibilities for research and innovation lie in several areas, for example, alternative energy sources, the environment, transportation, information technology applications aimed at select niches and areas of the industry, such as culinary arts and floral designs. The construction sector and the related professions such as architecture could benefit tremendously from innovations which are tested in our environment and which could have possibilities in other countries with a similar climate and topography.

All of these issues fit in with a more relevant model which is the Aggregation-

Coordination- Productivity model, which in a sense speaks for itself. The critical element would be the representational organisation of the private sector and the bringing together of producers into clusters to achieve critical mass. Coordination is required at the level of industries and the public sector within countries and between countries to chart a course which has definitive goals and targets. The use of science and technology is also critical to produce innovations in production and management and a dynamic private sector which is internationally competitive. All of this will not happen by osmosis and will require a vision of the future, the acquisition of administrative and technical capacity to implement and a mental shift in our approach to running our governments and our industries.