

Annual Economic and Financial Review



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EASTERN CARIBBEAN CENTRAL BANK



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INTERNATIONAL ECONOMIC DEVELOPMENTS

Overview

Overall global growth remained sluggish in 2012 as many developed nations around the world continued to experience sub-par recoveries as fiscal austerity programs were implemented. This also had spill-over effects on emerging economies, with most having grown below their historical norms. The global growth rate in 2012 stood at approximately 3.1 per cent compared to an outturn of 3.7 per cent in 2011. As a corollary, growth in the volume of world trade is expected to have decelerated to roughly 2.5 per cent, after recording an expansion of 5.0 per cent in 2011. The slowdown in world trade is due to decelerations in the imports of developed countries and by a corresponding weakness in the exports of developing economies. The increases in commodity prices experienced in 2011 eased in 2012, as lower prices were recorded for nonfuel commodities. Consistent with the observed decline in commodity prices, consumer prices moderated in both advanced and emerging economies, compared with the increases observed in 2011.

The global economy weakened in 2012, but

expectations are for a rebound in 2013. The outlook is for a return to moderate growth in the United States of America and acceleration from low levels in Japan, boosted by the announcement of new policy measures. In Europe, a meaningful recovery is likely to take somewhat longer in the presence of renewed challenges. Growth among emerging economies remains much faster on average than that of advanced countries, although with significant differences across countries. Given the substantial share of the world economy that emerging economies now accounted for, they will again drive growth at the global level in 2013. Specifically, growth in China is expected to strengthen in 2013.

Developments in the Major Economies

Real GDP in the **USA** advanced by 2.2 per cent in 2012, compared with an increase of 1.8 per cent in 2011. The increase in real GDP in 2012 primarily reflected positive contributions from personal consumption expenditures (PCE), non-residential fixed investment, exports, residential fixed investment, and private inventory investment and a deceleration in imports.



Negative contributions from federal government as well as state and local government spending offset the gains in overall GDP. The **USA** trade deficit fell for the first time in three years in 2012, thanks to record exports combined with a drop in the cost of imported oil and a slowdown in the country's demand for imported consumer goods. Price developments in the USA point to a softening of inflationary pressures compared with the performance in the previous year. During 2012 prices rose on average by 1.7 per cent compared to a 3.0 per cent rate of inflation in 2011. The decline was mainly attributable to sharp decelerations in energy and food prices, major component of the CPI basket.

Canada's economy recorded growth of 1.8 per cent in 2012, its worst showing since the 2009 recession, down from 2.6 per cent in 2011. Final domestic demand was up 1.9 per cent, following a 2.7 per cent increase in 2011. The outturn was mainly associated with slower growth in all major industrial sectors, with the exception of arts and entertainment and public administration, which actually declined. Goods production increased by 1.9 per cent, while the output of services grew by 1.8 per cent. Trade volumes slowed considerably in 2012. Exports rose by 1.6 per cent and imports by 2.9 per cent; compared to their 2011 pace of growth of 4.6

per cent and 5.8 per cent respectively. Consequently, Canada's current account deficit, its broadest measure of trade, reached a record C\$66.9 billion as new highs were realised by both the goods deficit and the services deficit (C\$11.9 billion and C\$24.6 billion, respectively). Core CPI inflation slowed relatively sharply in latter half of the year, declining from 2.0 per cent in June 2012, on a year-over-year basis, to just 1.1 per cent in December.

Value added in the **UK** economy grew by 0.2 per cent in 2012, compared to a 0.8 per cent increase in 2011. Growth in 2012 was led by rising domestic expenditure, principally households' final consumption and general government. But this was offset by deterioration in the UK's net trade position in real terms, which reduced real GDP growth by 0.8 percentage points as export volumes fell while imports rose. The unemployed population of the UK labour force ended the year at 7.8 per cent down from 8.4 per cent at the corresponding period in 2011, consistent with the gradual improvement in the UK economy. The Consumer Prices Index (CPI) showed that prices increased by 2.7 per cent in the year ending December 2012, compared to a 4.2 per cent increase recorded over the same period of 2011.



The economies of the **Euro area** contracted by 0.6 per cent in contrast to a 1.4 per cent expansion in 2011, marking the currency bloc's first full year in which no quarter produced growth, extending back to 1995. The decline in value added for the Euro Zone was attributable to contractions in most of the major economies of the Monetary Union, led by Italy and Spain. European financial markets strengthened in the past year, after the ECB committed to do whatever it takes to support the Euro. However, that move did not boost business activity. Widespread unemployment in Greece and Spain pushed the unemployment rate in the Euro zone to 11.8 per cent in December 2012. Consumer prices, as indicated by the harmonised index of consumer prices (HICP), increased by 2.5 per cent in 2012, slightly below the 2.7 per cent rate recorded in 2011.

Japan's economy stopped contracting in the final quarter of 2012 as gross domestic product (GDP) grew at an annual pace of 0.2 per cent in the quarter. Higher than expected corporate spending and household consumption are thought to have contributed to growth. Prior to the fourth quarter, Japan's economy had contracted for two consecutive quarters from April to September, hindered by a strong yen, shrinking exports in Europe and economic

damage from a diplomatic row with China. Consumer prices fell by 0.1 per cent in 2012, in comparison to a 0.2 per cent decline in 2011. Japan reported a record annual trade deficit in 2012, the second straight year in the red for an exporting nation. The annual trade gap of ¥6.93 trillion (about US\$78.0 billion) was brought about by surging fuel imports and a continued slide in machinery shipments and other mainstay exports. The unemployment rate declined to 4.4 per cent, from the 4.6 per cent jobless rate observed in 2011.

China's economic expansion slowed to 7.8 per cent year on year in 2012 amid external uncertainties and domestic challenges. The growth rate, the slowest one since 1999, was down from 9.3 per cent in 2011. While consumption made the biggest contribution to growth in 2012, with a 51.8 per cent share, the outturn in the fourth quarter marked the third consecutive quarter of decline. The fall was driven by the government's focus on using investment spending as the main expedient to underpin an economy still levered to external demand. Exports generate about a third of economic activity and falling foreign demand from customers in struggling European Union and United States of America economies dragged on growth in 2012. Net exports made a



negative 2.2 per cent contribution. The CPI rate slowed to 2.6 per cent in 2012, down sharply from 5.4 per cent recorded the year before. China's full-year trade surplus for 2012 was US\$231.1 billion, 48.1 per cent higher than the level recorded in 2011.

Commodity Prices

Prices for commodities were generally lower in 2012 compared to the previous year influenced largely by lower global demand. Despite a mixed price trend over the year, the FAO Food Price Index (FFPI) averaged 212 points in 2012, about 7.0 per cent (17 points) less than in 2011. Average crude oil prices in 2012 were at historically high levels for the second year in a row. Brent crude oil averaged \$111.67 per barrel, slightly above the 2011 average of \$111.26. West Texas Intermediate oil averaged \$94.05 per barrel in 2012, down slightly from \$94.88 in 2011. Gold ended 2012 higher by 7.0 per cent, on economic optimism, representing a 12th straight year of gains. However, it remained down 12.0 per cent from a record \$1,900.2 set in September, 2011.

Monetary Policy Developments

Developments at most of the major central

banks were relatively consistent with them maintaining their previous accommodative policy positions. In the **USA, The Federal Reserve** maintained the target range for the federal funds rate at 0 to 0.25 per cent in a bid to reduce borrowing costs; spur the economy and reduce unemployment. In order to provide further support to the fragile economic recovery in the USA throughout 2012, "*Operation Twist*", a policy which involved selling short-term Treasuries in exchange for the same amount of longer-term bonds, was maintained. In the first instance, lasting through the first half of the year, \$400.0 billion in short-term Treasuries were exchanged. The policy stance was then extended for the rest of the year with purchases of \$267.0 billion of shorter-term securities.

The **European Central Bank (ECB)** Governing Council maintained the key ECB interest rates on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility at 1.00 per cent, 1.75 per cent and 0.25 per cent respectively, through to June 2012. At its meeting in July 2012, The Council decided to cut each of the rates by 25 basis points for the rest of the year citing the need for additional support to the



weak Euro area economies. The **Bank of England's** Monetary Policy Committee in 2012 maintained the official Bank Rate paid on commercial bank reserves at 0.5 per cent. The Committee also maintained its quantitative easing asset purchasing programme throughout the year. The size of the asset purchases financed by the issuance of central bank reserves was increased by £50 billion to a total of £375 billion on 5 July 2012.

The **Bank of Canada** maintained its target for the overnight rate at 1.0 per cent. **Japan's central bank** eased its monetary policy to stimulate the nation's stagnant economy. By December 2012, the Bank of Japan Policy Board expanded its asset purchase program to ¥101 trillion from about ¥91 trillion (about US\$1.08 billion), while keeping its key short-term interest rate steady at around 0 to 0.1 per cent. Amidst fear of a slowing economy, the **People's Bank of China (PBC)** lowered the country's benchmark one-year lending rate by 31 basis points, as of July 6, while benchmark deposit rates were cut by 25 basis points. Those actions brought the one-year lending rate down to 6 per cent and the deposit rate down to 3 per cent.

Prospects

After a year in which the global economy grew at its weakest pace since the 2009 recession, 2013 should see a slight improvement with growth forecasted to be roughly 3.1 per cent for the year. The improved performance is contingent upon developing economies gaining momentum and an acceleration in the U.S.A. economy. In the Euro area, growth in Germany is likely to improve in 2013, but that of other the countries will remain slow or negative. In 2014, global growth will further increase to 3.7 per cent and most of this acceleration will result from stronger growth in advanced economies. Inflation pressures are projected to remain subdued in developed economies, granting space for on-going monetary accommodation. However, in emerging market economies, their accelerated expansions could put upward pressures on prices.

Though the balance of global risks has improved, as decisive policy actions in the Euro zone have reduced tail-winds and fiscal policy in the U S A appears less uncertain, downside risks still linger. Particularly, an escalation of



the European sovereign debt crisis remains a downside risk. Furthermore, recurring financial, economic and political problems in many of the southern Euro zone countries risk unravelling the support mechanisms put in place, increasing

strains in the banking sector, and exacerbating the recession that has gripped the region. Historically high jobless rates and potentially more restraint could delay the expected revival in household and business spending.



DOMESTIC ECONOMIC DEVELOPMENTS

Overview

Preliminary data indicate that economic activity in the Eastern Caribbean Currency Union (ECCU) contracted in 2012, for a fourth consecutive year. Contributing factors to the decline included continued weakness in international demand for the region's major exports, and lower levels of public sector investment spending. Real GDP is estimated to have declined by 0.2 per cent in 2012 compared with a 0.5 per cent contraction in 2011. The outturn was attributable to declines in value added in the construction, hotels and restaurants, wholesale and retail trade and transportation, storage and communication sectors. Economic activity declined in six of the eight territories of the ECCU and was partially moderated by expansions in St Vincent and the Grenadines and Antigua and Barbuda. Consumer prices for the ECCU as a whole rose by 2.6 per cent, down from 4.4 per cent in 2011, consistent with generally depressed domestic absorption coupled with lower commodity prices internationally.

The overall deficit on the consolidated fiscal

operations of member governments narrowed, largely attributable to lower capital expenditure, while the current account deficit recorded a more than six-fold increase. Notwithstanding the improvement in the overall balance, the outstanding public sector debt rose, largely as a result of increased domestic 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 narrowed to 5.88 percentage points. In the external sector, a larger overall balance of payments surplus was recorded, reflecting lower net outflows on the current account.

The regional economy is forecasted to recover in 2013, based on projected increases in GDP for all member countries. At the sectoral level, the recovery is likely to be driven by a turnaround in the construction, hotels and restaurants, transport and storage and communications and the wholesale and retail



sectors, supported by continued improvement in sectors such as financial intermediation and agriculture, livestock and forestry. The economic outlook for the ECCU is however, contingent on developments in the global economy. The slow pace of recovery in Britain and the Eurozone together with the lingering high unemployment in the USA, pose major downside risks to the projections.

Output

Value added in the construction industry, a major contributor to economic output in the ECCU, contracted by 5.3 per cent in 2012, compared with a 7.1 per cent decline in the previous year. The performance of this sector has been adversely impacted by the effects of global economic developments, specifically weak economic growth in the USA and the stalled recovery in the UK. In addition, ongoing domestic challenges such as the prevailing fiscal and debt overhang, contributed to lower construction activity especially in the public sector. The decline in activity in the construction sector has had negative knock-on effects on the wholesale and retail trade and transportation, storage and communication sectors in the currency union. The contraction in value added in the

construction sector reflected continued weakness in Foreign Direct Investment inflows into the region. Notwithstanding the slow pace at which international finance has recovered, FDI inflows into the ECCU increased by 4.5 per cent to \$1,282.5m owing to increased inflows in St Vincent and the Grenadines, Antigua and Barbuda and Montserrat. In the public sector declines were recorded in investment spending in most of the countries. Activity was also lower in the private sector. Nonetheless, on-going activity was supported by work on a number of resorts and hospitality related structures in Saint Lucia, St Kitts and Nevis, St Vincent and the Grenadines and Dominica.

On a country basis, the impact of the decline in the construction sector was greatest in Grenada, where value added fell by 14.9 per cent compared with a contraction of 6.6 per cent in 2011. This development reflected a fall in both public and private sector activity associated with the absence of major projects in the private sector combined with delays in the implementation of public sector projects. Construction activity also declined in all of the other member territories, except in Antigua and Barbuda. The declines in activity ranged from 11.9 per cent in Montserrat to 3.4 per

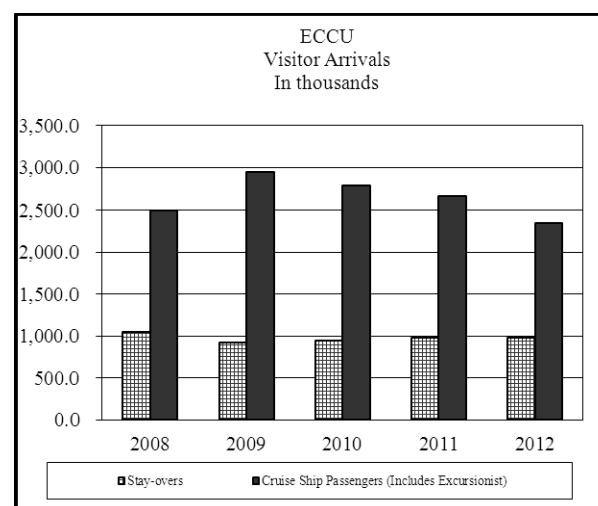


cent in St Vincent and the Grenadines.

Developments in the hotels and restaurants sector, which is used as a proxy for Tourism activity, resulted in an estimated decline of 0.6 per cent in value added in contrast to 3.7 per cent increase in 2011. The major contributor to value added in the hotels and restaurants sector is the stay-over visitor category. However, the reduction in value added in 2012 was largely attributable to developments in the cruise sub-category. The number of cruise passengers fell by 12.6 per cent to 2,254.9m compared with a 4.6 per cent contraction in 2011. Lower cruise passenger arrivals were consistent with a 4.7 per cent decline in cruise ship calls to 1,465, largely reflecting developments in all of the established cruise destinations in the ECCU. Declines in the number of cruise passengers ranged from 22.1 per cent in Dominica to 9.3 per cent in Saint Lucia.

Notwithstanding the lower performance of the cruise sector, the number of stay-over visitors rose by 0.1 per cent to 986,327, attributable to increases in arrivals from Canada (8.1 per cent), and the USA (1.4 per cent). Higher arrivals from Canada were influenced by relatively favourable economic conditions in

that source market, and sustained, albeit slow economic recovery in the USA, contributed in part to the rise in arrivals from that market. The increase in stay-over arrivals was partly offset by a reduction in the number of visitors from the Caribbean and the UK. The number of Caribbean stay-over visitors declined by 5.8 per cent, reflective of the high cost of inter-regional travel. The UK market recorded a 0.5 per cent decrease in the number of stay-over visitors largely attributable to unfavourable conditions in that economy. Of the other categories of visitors, the number of excursionists and yacht passengers increased by 9.7 per cent and 2.4 per cent respectively. The total number of visitors to the ECCU fell by 8.3 per cent to 3,461.5m, mainly influenced by the developments in the cruise sub-category.



The wholesale and retail trade sector contracted by 2.1 per cent, consistent with the decline in value added in the construction sector and developments in the hotels and restaurants sector. Value added in the transport storage and communications sector decreased by 1.4 per cent, mirroring reduced activity in transport and storage as well as lower activity in the tourism industry.

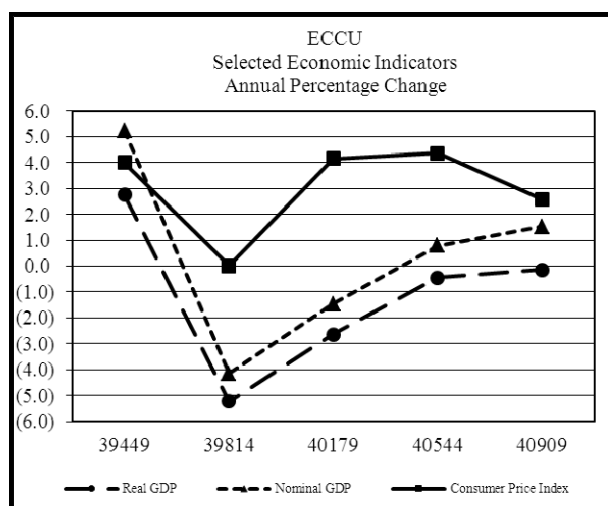
Value added in the manufacturing sector is estimated to have increased by 3.5 per cent in contrast to a contraction of 3.0 per cent in 2011. Increased demand from international markets coupled with higher domestic output in St Kitts and Nevis, owing to the transfer of production to that country from an overseas parent company, accounted for the improvement in the manufacturing sector. The largest increases were recorded in Dominica and St Kitts and Nevis where manufacturing expanded by 8.0 per cent in both countries. In the case of Dominica, the rise in value added was attributable to increased production of soap and beverages, while in St Kitts and Nevis, higher output of electrical and telecommunications components buoyed activity in the sector. Increased activity in the manufacturing sector was also observed in Saint Lucia (3.0 per cent),

St Vincent and the Grenadines and Antigua and Barbuda (2.0 per cent) and Grenada (0.4 per cent). By contrast, value added in the manufacturing sector contracted in Montserrat and Anguilla by 10.0 per cent and 4.0 per cent respectively.

Output in the agricultural sector rose by 5.5 per cent, compared with a 0.9 per cent rise in 2011. The expansion in value added in the agricultural sector was fuelled by an increase in the crops sub-sector, attributable to a rebound in banana output in Saint Lucia, after three consecutive years of economic contraction reflecting the effects of Black Sigatoka and inclement weather; and a sharp increase in nutmeg output in Grenada. Notwithstanding the recovery in Saint Lucia, output in the sector continues to be constrained by on-going challenges in St Vincent and the Grenadines and Dominica where the lingering effects of disease, storm damage and loss of preferential market access continue to adversely impact output. Complete data on banana output are unavailable, however it is estimated that output increased based on the strength of the recovery in Saint Lucia and Grenada. On an individual country basis higher banana output was recorded in Saint Lucia and Grenada in contrast to declines in Dominica and



St Vincent and the Grenadines. In Saint Lucia, banana output increased by 84.9 per cent to 5,567.3 tonnes, while in Grenada an 80.8 per cent increase to 3,332.8 tonnes was recorded. The expansions were partially offset by a 41.0 per cent decline in Dominica to 2,465.0 tonnes. Complete data are unavailable, however it is estimated that output earnings from banana exports increased in 2012 relative to the previous year. The livestock sub sector is estimated to have recorded higher output, largely driven by increases in Saint Lucia, St Vincent and the Grenadines and Grenada.



Prices, Wages and Employment

The consumer price index (CPI) rose by an average of 2.6 per cent (end of period) during 2012, compared with an increase of 4.4 per

cent during 2011. The upward movement in the CPI broadly reflected higher prices in all of the sub-categories with the exception of personal services. The food sub-index, which has the largest weight in the consumer basket, rose by 4.4 per cent compared with a 5.3 per cent increase in 2011. Higher prices for oils, fats, fruits, coffee, tea, cocoa as well as locally grown vegetables and chicken parts accounted for the increase in the food sub-index. The food sub-index decelerated in all of the countries with the exception of Saint Lucia where it increased and St Kitts and Nevis which recorded a contraction. Other sub-indices to record significant upward movements included alcoholic beverages and tobacco (5.8 per cent), clothing and footwear (6.2 per cent), medical care and expenses (5.0 per cent) and education (4.6 per cent). The fuel and light sub-index rose by 1.8 per cent compared with a 5.9 per cent increase recorded in the corresponding period of 2011, while the transport and communications index advanced by 1.5 per cent. The rise in the alcoholic beverages and tobacco sub-index was attributable to the higher cost of beers and spirits in St Kitts and Nevis and higher excise taxes on these products in St Vincent and the Grenadines. On an individual country basis, consumer prices rose in all of the countries at



a decelerated rate with the exception of Saint Lucia. The increase in the CPI ranged from 0.2 per cent in St Kitts and Nevis to 5.0 per cent in Saint Lucia.

In the public sector within ECCU member countries, wage freezes continued in 2012, in all of the member territories with the exception of St Vincent and the Grenadines, where a 1.5 per cent retroactive salary increase was granted in December 2012. Data on private sector wage movements were unavailable for the currency union. Official unemployment data were unavailable, however consistent with labour market rigidities and weak real sector activity, it is estimated that employment levels were lower in 2012 relative to 2011.

Central Government Fiscal Operations

On aggregate, the fiscal operations of the central governments generated an overall deficit (after grants) of \$441.9m (3.0 per cent of GDP), below the \$467.4m (3.2 per cent of GDP) recorded in 2011. The lower deficit was largely attributable to sharp declines in capital expenditure in a number of the ECCU member countries. Lower overall deficits in Antigua and Barbuda and St Vincent and the

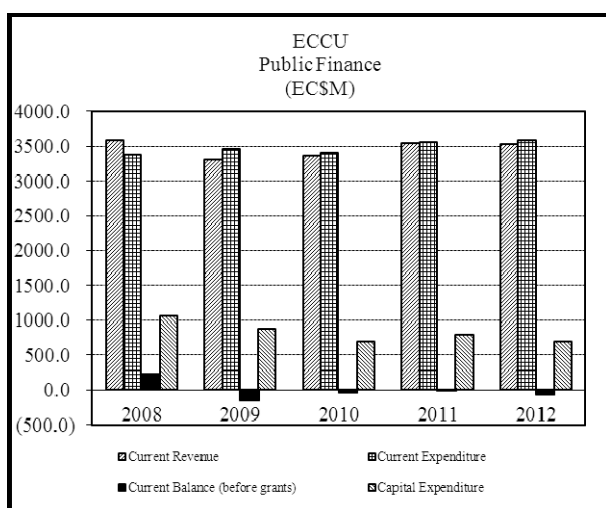
Grenadines as well as a higher overall surplus in St Kitts and Nevis contributed to the smaller deficit. Larger overall deficits were recorded in Saint Lucia, Grenada and Dominica, while Montserrat moved from a surplus position to a deficit and Anguilla recorded a lower surplus. The overall fiscal situation was also reflected in an improvement in the primary balance after grants - the difference between revenue and expenditure excluding interest payments - which moved to a surplus of \$46.2m (0.3 per cent of GDP) from a deficit of \$32.8m (0.2 per cent of GDP) in 2011.

The operations of the central government resulted in a current account deficit of \$67.3m, (0.5 per cent of GDP) compared with one of \$11.3m (0.1 per cent of GDP) in 2011. An increase in current expenditure combined with a decrease in current revenue accounted for the larger current fiscal gap. Current revenue fell by 0.8 per cent to \$3,527.3m (24.0 per cent of GDP), on account of lower non-tax receipts. Collection of non-tax revenue decreased in all of the territories with the exception of Saint Lucia, Dominica and Montserrat.

Revenue from taxes rose by 0.4 per cent (\$10.7m) on account of increased collections



from taxes on domestic goods and services (5.5 per cent) and taxes on property (16.4 per cent). Receipts from taxes on domestic goods and services were buoyed by higher collections from VAT and sales taxes of 9.5 per cent and 15.3 per cent respectively. The increase in property tax receipts reflected higher collections in all of the ECCU territories with the exception of St Vincent and the Grenadines and Dominica. By contrast, lower receipts from taxes on international trade and transactions reflected sharp reductions (38.5 per cent) in collections from consumption taxes. Lower consumption tax receipts reflected declines in collections in Saint Lucia, where the introduction of a Value Added Tax (VAT) in October 2012 replaced the consumption tax and service charge on imports.



Grant inflows (both current and capital) declined by 11.8 per cent to \$305.8m (2.1 per cent of GDP), compared with a 0.2 per cent decline in the previous year. This outturn was associated with lower inflows in all of the territories, with the exception of St Kitts and Nevis and Montserrat. St Kitts and Nevis was the recipient of debt forgiveness (\$117.9m) which represented a substantial part of an increase in capital grants.

Current expenditure rose by 0.8 per cent to \$3,594.6m (24.5 per cent of GDP), compared with an increase of 4.8 per cent in 2011. The rise in current outlays was largely associated with higher spending on interest payments and personal emoluments. Higher expenditure on interest payments (\$53.4m) was attributable to increases in the stock of outstanding public debt. The results in the territories were mixed as higher interest payments in most of the member territories were moderated by declines in St Kitts and Nevis, St Vincent and the Grenadines and Anguilla. The largest decline in interest payments was recorded in St Kitts and Nevis, mainly reflecting initiatives undertaken by the government in restructuring its debt and reducing its outstanding overdraft facilities in 2012. Higher outlays on personal emoluments



(\$22.2m) reflected increases in the number of public servants employed in Saint Lucia, as well as the granting of a salary increase of 1.5 per cent and retroactive pay to public sector workers in St Vincent and the Grenadines in December 2012. By contrast, reduced outlays on goods and services (\$38.9m) were recorded in all of the territories with the exception of Saint Lucia, Grenada and Montserrat. Transfers and subsidies declined by 1.0 per cent (\$8.1m), influenced largely by the discontinuation of liquidity support by the Government of Antigua and Barbuda to the ABI Bank Ltd. The overall decline in outlays on transfers and subsidies was moderated by increases in outlays in both Saint Lucia and Montserrat for payments associated with social assistance programmes and pensions.

Capital expenditure fell by 13.0 per cent to \$698.8m (4.8 per cent of GDP) in 2012 in contrast to a 15.0 per cent increase in 2011. The reduction in capital outlays was observed in all of the territories with the exception of Montserrat. In St Vincent and the Grenadines and Saint Lucia, lower outlays on capital expenditure reflected decelerating work on some existing projects and delays in the start-up of other projects in Saint Lucia and Grenada.

Public Sector Debt

The total stock of outstanding public sector debt in the ECCU member countries rose at a rate of 2.7 per cent to \$13,125.6m at the end of 2012, compared with a 7.3 per cent increase in 2011. Consequently the debt to GDP ratio rose to 89.5 per cent from 87.9 per cent in 2011. The rise in the disbursed outstanding debt was directly influenced by a 3.3 per cent increase to \$11,119.9m in the outstanding debt of the central government, as that of public corporations fell by 0.5 per cent. An increase in both domestic and external obligations by 6.3 per cent and 0.7 per cent respectively fuelled the expansion in central government indebtedness. The rise in the stock of central government debt was mainly attributable to increased indebtedness in Saint Lucia, Dominica, Grenada and St Vincent and the Grenadines. This outturn was partially offset by declines in in St Kitts and Nevis and Antigua and Barbuda. The stock of public corporations debt fell by 0.5 per cent, reflecting a 9.3 per cent reduction in domestic obligations, while external commitments rose by 18.3 per cent. Debt service payments by central government rose by 7.3 per cent to \$1,229.0m, mainly on account of higher payment obligations in Grenada, Dominica, Antigua and Barbuda and Saint Lucia.



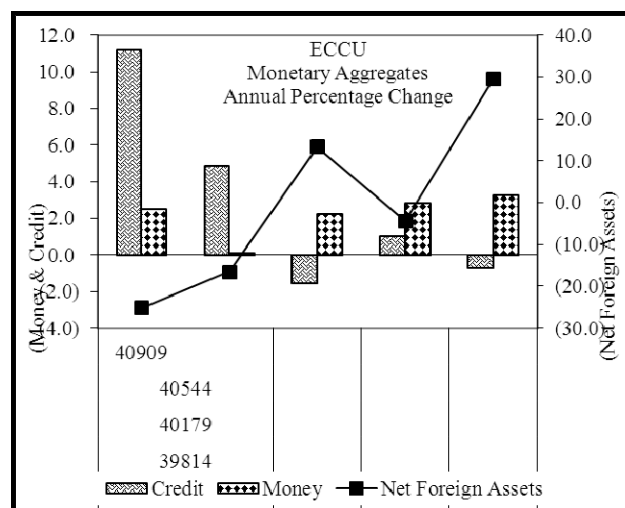
Monetary and Financial Developments

Money and Credit

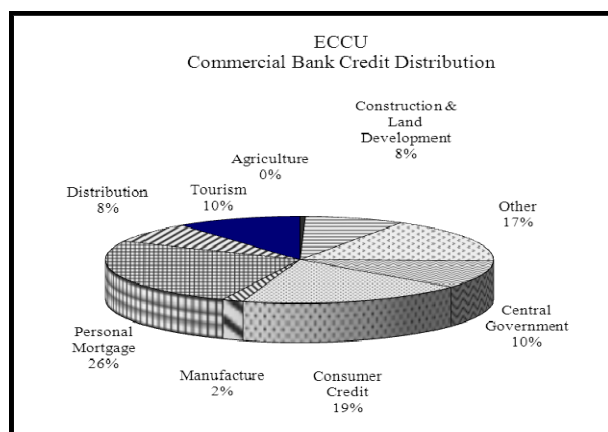
Monetary liabilities (M2) expanded by 3.3 per cent to \$13,253.8m during 2012, compared with growth of 4.5 per cent at the end of 2011. Growth in M2 was sustained by increases in quasi money and narrow money. Quasi money grew by 3.1 per cent driven by increases in private sector savings deposits and private sector foreign currency deposits of 7.5 per cent and 0.2 per cent respectively. The performance of quasi money was moderated by a 3.5 per cent reduction in private sector foreign currency deposits. Narrow money (M1) increased by 4.0 per cent, fuelled by a 5.8 per cent rise in private sector demand deposits. An 11.1 per cent and 0.1 per cent reduction in EC dollar cheques and drafts issued, and currency with the public, respectively, partially moderated the growth in M1.

Domestic credit contracted by 0.7 per cent to \$12,547.7m, reversing a 1.0 per cent expansion in 2011. The outturn reflected declines in net credit to the general government, moderated somewhat by increased lending to the private sector. Net

credit to the central government fell by 9.4 per cent (\$119.0m) associated with an increase in deposits which more than offset a rise in borrowings from the commercial banks. Central government deposits held with commercial banks rose by 12.0 per cent (\$102.1m), while those held with the central bank increased by 29.6 per cent (\$66.5m), reversing declines of 2.7 per cent and 12.5 per cent respectively in 2011. Outstanding credit to the private sector rose by 1.3 per cent to \$12,936.4m, driven by increases in lending to households as credit extended to private businesses fell by 0.8 per cent. In the rest of the public sector, the net deposits of non-financial public enterprises rose by 9.5 per cent, compared with a 9.0 per cent increase in 2011, influenced by growth in deposits (\$99.3m) combined with a reduction (\$33.7m) in outstanding credit.



An analysis of the distribution of credit by economic activity shows increases in credit largely for personal use, as well as for distributive trades and the agriculture and fisheries sectors. Credit for personal use, which accounted for 44.3 per cent of outstanding credit, rose by 4.6 per cent, largely buoyed by increases in credit for the acquisition of property. Credit to distributive trades grew by 0.6 per cent, while that to agriculture and fisheries expanded by 5.2 per cent. This increase was moderated by a 13.8 per cent (\$59.7m) reduction in credit extended for the purchase of durable consumer goods. Credit to the tourism industry and the construction sector fell by 6.3 per cent and 2.4 per cent respectively. Decreases were also recorded in outstanding credit for distributive trades (0.6 per cent) and manufacturing, mining and quarrying (1.3 per cent).



The net foreign assets of the banking system rose by 29.4 per cent to \$2,657.4m, in contrast to a contraction of 4.4 per cent in 2011. This development reflected an increase in the net foreign assets position of the central bank and a reduction in the net liabilities of commercial banks. The external assets of the central bank rose by 11.6 per cent to \$316.1m, supplemented by an increase in the assets position of commercial banks by 4.8 per cent to \$4,050.3m.

Liquidity in the commercial banking system appeared to have eased during 2012, as reflected in a 2.2 percentage points decrease in the ratio of loans and advances to deposits to 84.5 per cent, while the liquid assets to total deposits plus liquid liabilities ratio increased by 4.6 percentage points to 39.1 per cent.

The weighted average interest rate spread between lending and deposit rates narrowed to 5.88 percentage points from 6.47 percentage points at the end of December 2012. A combination of a 0.62 percentage point reduction to 8.91 per cent in the weighted average lending rate and a 0.03 percentage point decline to 3.04 per cent in the weighted average deposit rate explained the narrowing 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 2012 as indicated by an increase in both the volume and value of issues on the primary market. This development reflected a sharp increase in the total number of auctions by member governments to 51 from 33 in 2011, while the total value of issues rose by 60.0 per cent to \$1,071.0m. The rise in outstanding security issuances and their value was associated with a number of factors including a new issuing government as well as a broad based increase in issues by existing issuing governments. All of the issuing governments increased the number of instruments issued in 2012 with the exception of the federation of St Kitts and Nevis. The increase in the number of instruments ranged from 2 in St Vincent and the Grenadines to 6 in Saint Lucia.

An analysis of the activity by maturity shows that the increase in the value of instruments on offer, reflected comparable increases; both in terms of the value of more short-dated securities and longer dated instruments. The issuance of short dated securities, Treasury bills (T-bills); increased to 33, up from 24 in 2011, while the value rose to \$811.0m, up

from \$601.0m in 2011. Likewise, long dated securities, bonds, increased both in terms of the number of issuances and value to 18 and \$260.0m respectively, up from 9 and \$60.0 in 2011. Investor confidence remained high in 2012, as evidenced by a 45.4 per cent increase in total annual subscriptions to \$1,372.1m; however market sentiment appeared to have dampened somewhat, as indicated by a fall in the bid-to-cover ratio for all instruments issued on the market, to 1.28 from 1.43 in 2011. This ratio calculated as the value of bids received in an auction to the value of the bids accepted, measures the demand by investors over the review period. The higher the ratio, the higher the demand.

The most active issuers on the RGSM were the governments of Saint Lucia and St Vincent and the Grenadines, accounting for a combined 50.5 per cent (\$693.0m) of the gross value of issues in 2012. The government of Saint Lucia accounted for 33.0 per cent (\$353.0m), while St Vincent and the Grenadines' share was 31.7 per cent (\$340.0m). In February 2012, Dominica commenced its participation on the RGSM. The authorities issued five instruments amounting to \$100.0m in 2012. Notwithstanding the new issues by Dominica, the largest increase in the number and value of



issues on the RGSM was recorded for the government of Saint Lucia; six instruments valued at \$211.0m in 2012 relative to the outstanding issues at the end of 2011. Other notable increases in the value of issues included St Vincent and the Grenadines (\$95.0m) and Grenada (\$25.0m). T-bills remained the dominant product on the RGSM in 2012, even as the proportion of outstanding instruments issued as treasury bills decreased to 75.7 per cent from 90.9 per cent in 2011. Conversely, the share of bonds issued on the market rose to 24.2 per cent from 9.1 per cent in 2011, reflecting an increase in the issuance of those long dated instruments by Saint Lucia, St Vincent and the Grenadines and Dominica. Activity on the secondary market remained low as reflected in a 40.0 per cent reduction in the number of transactions to 12, while the value of transactions decreased by 95.3 per cent to \$0.7m.

The rates on the instruments varied, however they tended to decline for short-dated securities and to increase for longer dated securities. The weighted average yield on 91-day T-bills fell by 12 basis points to 4.44 per cent at the end of 2012, compared with 4.56 per cent at the end of 2011. For 180-day T-bills the rates increased by approximately 1

basis point to 5.79 per cent in 2012. The weighted average yield on the 365-day T-bills increased by 16 basis points to 6.24 per cent. In terms of the movements of rates for limited long-term instruments, the weighted average yield on the 5-year bond fell by 51 basis points to 6.99 per cent from 7.50 per cent in 2011.

Balance of Payments

Preliminary data show that the balance of payments position of the Currency Union improved in 2012 as the overall surplus increased to an estimated \$164.6m (1.1 per cent of GDP) from \$160.3m (1.1 per cent) in 2011. This outturn was attributable to a reduction in the current account deficit to \$2,390.4m (16.3 per cent of GDP) from \$2,632.9m (18.1 per cent of GDP) in 2011. The narrowing of the current account deficit was influenced primarily by developments on the goods and services account. The deficit on the goods and services account fell to \$2,385.4m, from \$2,713.3m at the end of 2011, reflecting primarily a narrowing of the merchandise trade deficit and an increase in the surplus on the services account. On the goods account, a narrowing of the deficit was recorded associated with a decrease in the



merchandise trade deficit by 4.1 per cent to \$4,792.8m, driven by lower payments for imports (f.o.b.) coupled with an increase in earnings from exports. Earnings from exports of goods rose by 3.8 per cent to \$1,003.4.2m, while import payments fell by 2.8 per cent to \$5,796.2m. The contraction in the import bill was consistent with weak economic activity in the real sector combined with the impact of lower international commodity prices, especially for fuel and food. Higher merchandise export earnings reflected the partial recovery in the banana industry as major regional producers resumed exports after the debilitating effects of crop disease and weather related damage. On the services account net inflows increased by 5.2 per cent, mainly attributable to a decline in outflows on the transportation account coupled with an increase in net travel receipts. Net outflows on the transportation account fell by 6.2 per cent to \$427.2m, while net receipts from travel expanded by 1.0 per cent to \$2,731.0m, 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 outflows of other business services fell by 56.2 per cent to \$24.6m, while net current transfers to central government rose by 19.6 per cent to \$120.2m.

On the capital and financial account net inflows decreased to \$2,555.0m at the end of 2012 from \$2,793.2m in 2011. The lower surplus on the capital and financial account was influenced by developments with respect to commercial banks' financial flows, loan inflows by member governments and portfolio investment. Commercial bank transactions resulted in net outflows of \$113.9m, in contrast to net inflows of \$315.1m in 2011, while member governments recorded a 47.9 per cent reduction in net loan inflows. A 34.0 per cent reduction in portfolio investment inflows to \$71.8m also contributed to the reduction in the surplus on the capital and financial account. The reduction in the surplus on the capital and financial account was moderated by an increase in inflows of foreign direct investment (FDI). Gross FDI inflows rose to \$1,282.5m from \$1,227.72m in 2011, a possible indicator of some improvement in international credit markets.

Prospects

The global economic outlook appears more favourable according to a recent World Economic Outlook (WEO) of the International Monetary Fund (IMF). However, these heightened prospects may be moderated by



persistent economic headwinds. The updated forecast is for growth of 3.5 per cent globally led by developments in Brazil, Russia, India and China (BRICs), Africa and South East Asia. Growth in advance economies will continue to reflect the effects of the fiscal and debt overhang associated with the sovereign debt crisis in the Euro zone as well as congressional gridlock and the forced budget cuts in the USA. The countries to which the ECCU has strong economic ties, the USA and the UK, are forecasted to expand by 2.0 per cent and 1.0 per cent respectively, however the pending budget cuts in the USA and ongoing fiscal austerity in the UK threaten to reduce growth further. The ECCU is provisionally forecasted to recover in 2013, led by rebounds in the construction and hotels and restaurants sectors, which will impact transport, storage and communication, financial intermediation, wholesale and retail trade and real estate, renting and business activities. All of the member countries of the ECCU are forecasted to record positive growth in 2013.

The construction sector is expected to rebound after four consecutive years of contraction. Value added is expected to rise, supported by increased activity in both the public and

private sectors. Developments in the sector will continue to be buoyed by increased inflows of FDI as investor sentiments improve and lending restrictions are gradually eased. Developments in both the public and private sectors in Saint Lucia, St Vincent and the Grenadines and St Kitts and Nevis will fuel construction activity, as authorities implement a number of major public sector projects, coupled with ongoing tourism related developments in those countries. Public sector construction activity is also projected to increase in Antigua and Barbuda, while developments in Anguilla will be fueled by developments in the private sector.

Higher value added in the hotels and restaurants sector in 2012 will reflect increased demand for leisure services from major sources markets such as the USA, UK, and Canada. However, the uncertainty facing the global economy coupled with intensified geo-political threats pose a significant headwind to the performance of the industry. Nonetheless, economic buoyancy in Canada, coupled with some improvement in consumer sentiment in the USA, provide reasons for optimism. 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 communication. Continued efforts at marketing the individual destinations through travel shows and non-traditional marketing arrangements may increase the profile of the region and further increase visitors from the traditional source markets.

Price pressures are expected to increase in 2013, in line with higher global growth which will place pressure on commodity prices. Although economic headwinds threaten to intensify, it is estimated that as global aggregate demand increases associated with consumer demand that has been restrained over the last two years, prices will gradually strengthen as supply is constrained.

The central governments' fiscal operations are expected to record larger overall deficits as member countries undertake increased outlays on capital projects after limiting capital investment over the last four years. The near completion of a number of engagements with the International Monetary Fund (IMF) may provide some additional fiscal space for public investment to intensify. However, these policy decisions may need to be executed within the framework of *"The ECCU Eight*

Point Growth and Stabilisation Programme" agreed upon by the Monetary Council in 2009. The gains that have been achieved over the past four years through adherence to the Eight Point Growth and Stability Programme, including the implementation of a comprehensive transaction based tax in most of the territories, the completion of a number of fiscal and sustainability reviews, efforts to streamline and strengthen the financial sector through mergers and amalgamations will need to be further consolidated. Fiscal prudence would have to be balanced with the need for policies aimed at poverty alleviation and the protection of vulnerable groups.

On the external accounts, the overall surplus recorded in 2012 is projected to decrease, consistent with a forecasted widening of the current account deficit due to increased outflows for import payments. The surplus on the capital and financial account is likely to be higher than that recorded in 2012, associated with increased inflows of FDI; however, it is not likely to offset the projected rise in outflows to finance imports.

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 2013. Increased lending to regional governments is projected as major capital sector projects are undertaken in Saint Lucia, Antigua and Barbuda, St Vincent and the Grenadines, St Kitts and Nevis and Anguilla. Credit to the private sector is projected to increase consistent with a number of planned tourism related projects in Saint Lucia, St Vincent and the Grenadines and St Kitts and Nevis. The amount of credit extended will depend on the lending policies of commercial banks, in the context of their tolerance for risk. Maintaining financial sector stability will remain a priority of regional governments, as efforts are made to assist in the deleveraging process so as to facilitate the resumption in commercial bank lending. Ongoing initiatives by the Resolution Trust Corporation to facilitate restructuring and recapitalization of weak and vulnerable commercial banks are expected to assist in increasing confidence in the sector. Access to liquidity is projected to increase in 2013 as macroeconomic prospects improve.

The economic outlook is positive, however severe headwinds persist which threaten to

stall the nascent recovery. International developments headlined by the ongoing crisis in the Euro zone as well as heightened threats to the sustainability of the US recovery associated with the automatic budget cuts (Sequestration), cloud the forecast. These developments represent threats to the region's vital tourism industry and may cause some uncertainty in capital markets, a major source of FDI inflows. Persistently high unemployment in both the USA and the UK, act as a drag on consumer sentiment and moderate the level of tourism activity in the ECCU region. Additionally, the high volatility of international oil prices associated with political tensions also pose an imminent threat on fiscal outturns in the member territories, by increasing the cost of imports and the provision of goods and services. Recent actions by North Korea to increase political tensions through declarations of hostility towards the USA and South Korea further increase the likelihood that oil price escalations could resume. On the domestic front, adherence to the principles of the *ECCU Eight Point Stabilisation and Growth Programme*, has to be balanced with competing demands by the citizenry for increased services and social protection.



ANGUILLA

Overview

Economic activity in Anguilla is estimated to have contracted in 2012, at an accelerated pace compared with the performance in the previous year. Preliminary estimates indicate that real GDP growth fell by 2.9 per cent compared with one of 1.8 per cent in 2011. The contraction in economic activity reflected a broad based decline in all of the major sectors of the economy including construction, hotels and restaurants, wholesale and retail trade, financial intermediation and real estate, renting and business activities. Consumer prices rose by 3.6 per cent during 2012, a slower pace relative to the increase in 2011. The central government recorded a smaller overall surplus on its fiscal operations, attributable to a reduction in the current account position. The total outstanding debt of the public sector increased during the period under review. Developments in the banking system were characterized by contractions in all the major monetary aggregates; monetary liabilities, domestic credit and net foreign assets. Liquidity conditions in the banking system were mixed during the review period and the weighted

average interest rate spread between loans and deposits narrowed. An overall surplus was recorded on the balance of payments attributable to a larger surplus on the capital and financial account combined with a reduction in the deficit on the current account.

A recovery in real output is expected in 2013, based on a projected turnaround in key sectors. Developments will largely depend on an anticipated increase in activity in hotels and restaurants with knock-on effects on the wholesale and retail, financial intermediation and the real estate and renting sectors. Recent initiatives to increase Anguilla's profile in the tourism market should be reflected in improved performances in stay-overs arrivals and a further strengthening in the number of excursionists. Value added in construction is projected to be marginally lower; nonetheless activity in the construction sector will likely be based on the conclusion of a number of agreements between the Government of Anguilla and investors to make significant investments in the tourism plant. The central government is expected to record an improvement in its fiscal operations largely based on increases in tax receipts, in line with



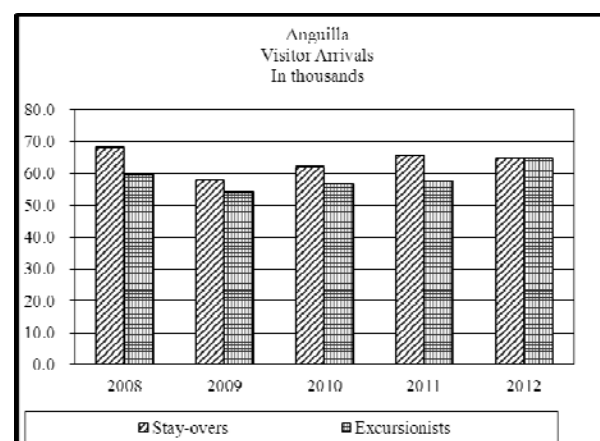
projections of higher economic growth. Notwithstanding the potential for a recovery in economic performance, risks to the projections include major economic headwinds in the form of lower than anticipated growth in the USA arising from political gridlock, negative growth in the Eurozone and the adverse impact of consolidation in the airline industry which could result in reducing air access into Anguilla.

Output

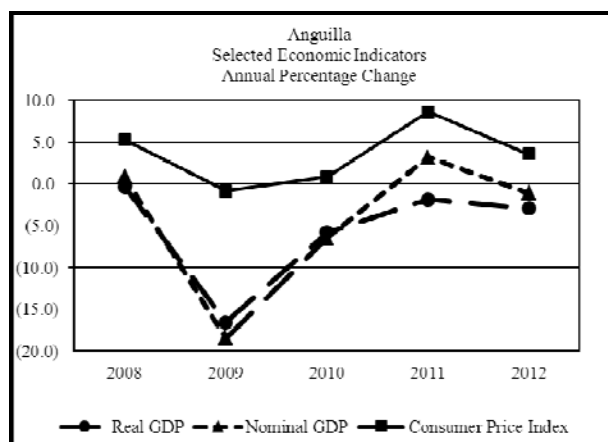
Value added in the hotels and restaurants sector, a gauge of activity in the tourism industry, is estimated to have contracted by 1.7 per cent in 2012, in contrast to a 6.6 per cent expansion in 2011. The outturn was attributable to reduced airlift and the high cost of intraregional travel which is reflected in the weak performances of the Caribbean and USA source markets which together accounts for 79.6 per cent of stay-over arrivals. The number of stay-over visitors is estimated to have decreased by 1.7 per cent to 64,698, following a 6.1 per cent increase in 2011. The contraction in the number of stay-overs was largely influenced by declines in the performances of the Caribbean (11.4 per cent)

and the USA market (2.4 per cent). The UK market also underperformed recording a 16.7 per cent decline in visitor arrivals, while Canadian stay-over visitors increased by 16.6 per cent. The number of excursionists rose by 12.0 per cent to 64,693.

Another major contributor to value added, the construction sector recorded a decline in its contribution to 6.7 per cent of GDP in 2012 compared with 7.0 per cent of GDP in 2011. The lower contribution was attributable to an 8.0 per cent reduction in value added. The decline in the performance of the sector reflected decreases both in private and public sector activity. Anguilla continued to be negatively impacted by a reduction in the number and value of major FDI funded projects, attributable to contraction in the availability of international capital.



Furthermore, underwriting standards have increased therefore, precluding an increasing number of projects from access to financing by international as well as domestic based banks. Notwithstanding the decline in major construction projects, ongoing private sector activity included work on the Zemi Beach Resort and the Manoah boutique hotel. Public sector capital expenditure was \$9.5m during the period under review, compared with capital outlays of \$9.6m observed in the previous period. In the public sector ongoing work included disaster management, a care facility at the western end of the island and a tourism sector development project.



Other major contributors to real GDP include; real estate renting and business activities sector, the second largest contributor, recorded a 2.0 per cent contraction in value added reversing a 0.6 per cent expansion in 2011.

The outturn was mainly associated with declines in real estate activities and the renting of machinery and equipment and business services. Lower value added was also recorded for wholesale and retail (3.3 per cent) and transportation and storage and communications (4.7 per cent). Value added in the financial intermediation sector is estimated to have decreased by 2.8 per cent associated with lower profitability at commercial banks partly fuelled by increases in non-performing loans in all of the commercial banks.

Prices, Wages and Employment

The rate of inflation decelerated during 2012, influenced by slower international price increases and lower economic activity in the domestic economy. The consumer price index (CPI), on an end of period basis, is estimated to have increased by 3.6 per cent, compared with an 8.6 per cent increase during 2011. The upward movement in the CPI was largely influenced by higher prices for transport and communications, (5.4 per cent), food (3.7 per cent), and medical care and expenses, sub-indices (35.7 per cent). The major factors accounting for the increase in prices in the transportation and communication were higher



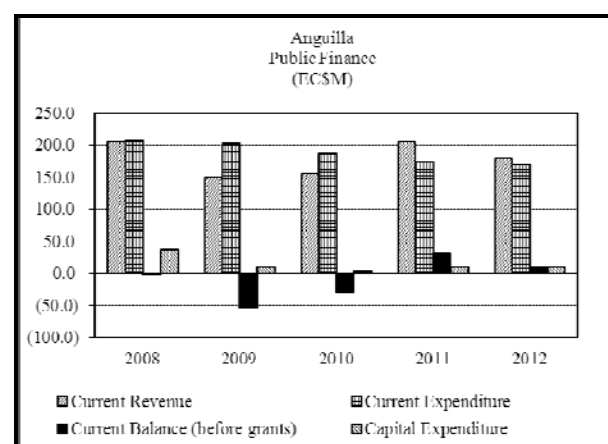
prices for gasoline, an increase in drivers' license fees and the price of airline tickets. The increase in the food sub-index reflected a general increase in food prices, while higher prices for ophthalmic care mainly accounted for the rise in the medical care and expenses sub-index. Price increases were also recorded for housing and alcoholic beverages and tobacco of 1.2 per cent and 1.7 per cent respectively. The increase in the overall price index was partially slowed by lower prices for the household furnishings and supplies (5.4 per cent) and clothing and footwear (5.2 per cent) sub-indices.

Wages in the public sector contracted in 2012 consistent with the policy of the government to contain wage rates and to restrict new public sector hiring. Data on private sector wages were unavailable, but likely contracted given the depressed state of the economy and the continued attrition in the private sector.

Central Government Fiscal Operations

The fiscal operations of the central government resulted in an overall surplus of \$10.9m in 2012 (1.4 per cent of GDP) compared with one of \$21.6m (2.7 per cent of GDP) in 2011. The reduction in the overall

balance reflected a decrease in the current balance, attributed mainly to lower revenue collections. A primary surplus of \$19.2m (2.5 per cent of GDP) was recorded in 2012, above the stated fiscal target of a primary surplus of 0.7 per cent of GDP in 2012. The performance in 2012 represented a decline by nearly half of the \$30.8m (3.9 per cent of GDP) surplus recorded in 2011.



A current account surplus of \$8.8m (1.2 per cent of GDP) was recorded at the end of 2012, from one of \$31.2m (3.9 per cent of GDP) at the end of 2011. Tax revenue contracted by 14.2 per cent to \$155.1m, on account of a reduction (\$38.1m) in receipts taxes on domestic goods and services. The sharp reduction in taxes on domestic goods and services was attributable to lower receipts of stamp duties (\$37.2m) and lower collections of hotel accommodation tax (\$1.9m). Stamp

duty collections in 2011 were substantially higher on account of revenues associated with the sale of the Viceroy Hotel in 2011, while reduced accommodation tax receipts were consistent with the reduction in the number of stay-overs. The decline in the collection of taxes on domestic goods and services was partly offset by higher receipts for taxes on income and profits (68.9 per cent) and taxes on international trade and transactions (8.9 per cent). Higher receipts for taxes on income and profits were driven largely by a 68.9 per cent increase in yields from the Interim Stabilisation Levy due to greater compliance. The increase in collections of revenue from taxes on international trade and transactions were attributable primarily to an increase in the yield for customs surcharge (\$3.4m) consistent with a marginal increase in the value of imports and a recovery in embarkation tax receipts by (\$2.1m). Property tax yields were 34.7 per cent higher (\$1.1m), influenced by improvements in the administration of the tax. Non-tax revenue fell by 1.2 per cent, attributable to the diversion of revenue to the Anguilla Air and Seaport Authority which was established in 2011.

Current expenditure fell by 2.0 per cent

(\$3.4m) to \$170.4m compared with a 6.7 per cent contraction in 2011. The decline in expenditure, reflected decreases in all the major categories, primarily, interest payments (8.7 per cent), transfers and subsidies (3.7 per cent) and personal emoluments (0.7 per cent), the decline in interest payments (\$0.8m) was attributable to a continued freeze on borrowing by the central government aimed at balancing the fiscal budget. Lower outlays for personal emoluments as well as transfers and subsidies, largely reflected ongoing efforts by the authorities to contain wage rates and employment in the public sector through freezes on public sector salaries and hiring. Goods and services expenditure also recorded a decline (1.1 per cent) based on deliberate policies to control it.

Public Sector Debt

The total disbursed outstanding debt of the public sector was estimated at \$234.0m at the end of 2012, a 2.0 per cent increase relative to the amount at the end of 2011. As a percentage of GDP the debt ratio increased to 35.9 per cent from 32.8 per cent in December 2011. The rise in the outstanding debt was associated with an increase in the overdraft facility of the Government of Anguilla with



commercial banks in addition to an increase in credit from the Central Bank. As a consequence, the domestic debt as a percentage of total outstanding debt rose to 25.8 per cent in 2012 from 24.1 per cent in 2011, while the proportion of external debt to the entire loan portfolio declined to 74.2 per cent from 75.9 per cent in 2011. Central government debt accounted for 92.9 per cent of outstanding debt roughly similar to the proportion in the corresponding period of 2011.

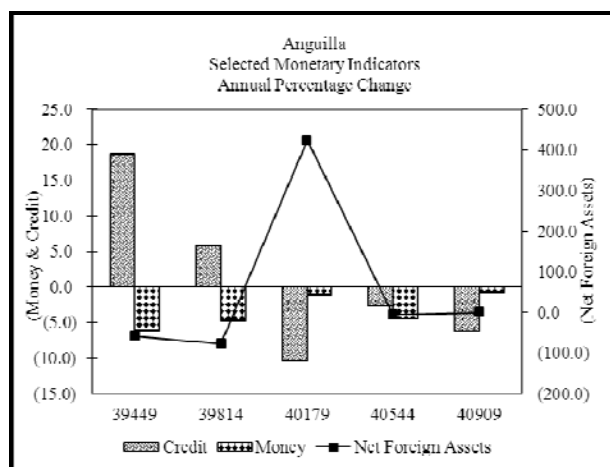
Money and Credit

Broad money (M2) contracted at a rate of 0.7 per cent to \$1,007.6m during 2012 compared with a 4.5 per cent reduction during 2011. The reduction in monetary liabilities was attributable to declines in both quasi money and narrow money (M1). Of the components of quasi money, private sector foreign currency deposits fell by 2.0 per cent, and represented the major influence on the reduction in quasi money. Meanwhile, all of the components of narrow money declined, primarily EC dollar cheques and drafts issued

and demand deposits by 37.9 per cent and 5.8 per cent respectively.

Domestic credit fell by 6.3 per cent to \$1,123.6m, outpacing the 2.7 per cent rate of decline during 2011. This development largely reflected reductions in private sector credit coupled with an increase in the net deposit position of the central government and the rest of the public sector. Credit to the private sector was 3.4 per cent (\$48.4m) lower, attributable to declines in lending to households and businesses of 4.8 per cent and 2.2 per cent respectively. Developments in domestic credit also reflected a widening in the net deposit positions of the central government and the rest of the public sector. Central government transactions with the banking system resulted in an increase in the net deposit position. Government deposits at commercial banks rose by 24.7 per cent (\$14.3m), while credit with the same institutions increased by \$5.1m. The net deposit position of the non-financial public enterprises grew by 14.6 per cent, (\$23.5m) due to growth in deposits coupled with declines in outstanding credit.





The distribution of commercial bank credit by economic activity indicated that outstanding loans fell by 3.2 per cent (\$44.8m) to \$1,341.5m in 2012, compared with a 0.3 per cent contraction in 2011. The outturn was influenced by declines in all of the lending categories except distributive trades. Credit for personal use which has the largest share of the total (42.8 per cent) contracted by 4.0 per cent. Of the components of credit for personal use, the largest declines were recorded for durable consumer goods (24.1 per cent) and acquisition of property (3.4 per cent) respectively. Other declines in lending to major categories included tourism (4.0 per cent) and construction (2.8 per cent). Overall, the decline in credit was partially offset by an 11.4 per cent increases in credit to distributive trades.

The net foreign assets of the banking system declined by 0.5 per cent to \$185.7m, compared with a 5.0 per cent reduction in 2011. The decline in net foreign assets was associated with a reduction in the net assets position of commercial banks, held with institutions outside of the ECCU. Net assets position decreased by 14.8 per cent (\$11.5m) and reflected a faster reduction in assets (11.2 per cent) relative to a decline in liabilities (8.8 per cent). This development was partially offset by a 57.2 per cent (\$4.4m) expansion in the net assets held with institutions within the ECCU. Anguilla's share of the Central Bank's reserves rose by 6.0 per cent to \$107.4m.

Liquidity in the commercial banking system remained ample during 2012. This assessment is based on developments in the ratio of liquid assets to total deposits plus liquid liabilities which fell by 1.56 percentage points to 28.9 per cent, while the loans and advances to total deposits ratio declined by 3.60 percentage points to 99.54 per cent.

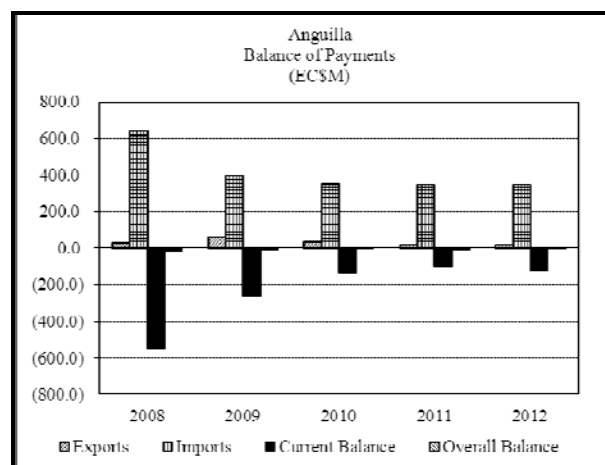
The weighted average interest rate spread between loans and deposits narrowed to 5.70 percentage points at the end of 2012, from

7.27 percentage points at the end of 2011. The weighted average interest rate on loans fell by 1.0 percentage point to 9.19 per cent, while the weighted average deposit rate rose by 0.62 percentage rise to 3.49 per cent in 2011.

Balance of Payments

The balance of payments recorded an overall surplus estimated at \$6.1m (0.8 per cent of GDP), in contrast to a deficit of \$6.4m (0.8 per cent of GDP) in 2011. A widening in the surplus on the capital and financial account, which exceeded the deficit on the current account, was the major contributing factor to the improvement in the overall balance. The surplus on the capital and financial account increased to \$127.0m in 2012 (16.8 per cent of GDP) from \$92.8m (11.7 per cent of GDP) in 2011. Concurrently, the current account deficit expanded to \$120.9m in 2012 (16.0 per cent of GDP) from \$99.2m (12.5 per cent of GDP) in 2011.

The larger deficit on the current account was attributable to net outflows on the current transfers account amounting to \$2.6m (0.3 per cent of GDP) in contrast to net inflows of \$27.6m (3.5 per cent of GDP) in 2011. The



widening in the deficit on the current account was partly moderated by a 5.5 per cent increase in net inflows on the services account to \$212.9m, reflecting lower net outflows for other business services combined with higher travel receipts. The merchandise trade deficit rose by 0.2 per cent to \$329.5m (43.6 per cent of GDP), from \$329.0m (41.3 per cent GDP), due to a marginal increase in imports relative to 2011.

The 36.8 per cent expansion in the surplus on the capital and financial account was attributed to developments on both the financial and capital accounts. On the financial account other investment inflows amounted to \$44.3m (5.9 per cent of GDP) in contrast to net outflows of \$31.5m (4.0 per cent of GDP) in the previous year, while net direct investment inflows declined by 52.2 per



cent to \$49.2m. Higher net inflows on the capital account were largely fuelled by a 48.6 per cent rise in net inflows of capital transfers to \$36.9m.

Prospects

The outlook for the global economy is mixed. On one hand there is optimism fuelled by the prospects of emerging economies, while on the other hand, growth prospects are weighed down by uncertainty about the sustainability of the recovery in some of the more advanced economies like Europe and the USA. The depressed state of the Euro Zone economies represents the major downside risk to the global outlook given the potential negative impact on the rest of Europe, in particular the UK, as well as the USA, the territory's major tourist market. A second order downside risk is the protracted impasse between lawmakers in the USA government over spending cuts as opposed to tax increases which threatens the sustainability of the expansion in that country; especially once the mandatory spending cuts take full effect. Although the overall impact is uncertain it is generally felt that the effect of the automatic spending cuts will be contractionary. Notwithstanding the uncertain economic backdrop, some recovery in growth

is projected in the Anguillan economy in 2013, led by improved performances in the tourism industry, transport, storage and communications and real estate, renting and business activities. The performance of the tourism industry will be fuelled by recovery in the USA market and further strengthening in the Canadian market. A higher number of stay-over visitors are anticipated based on intensified marketing in the USA market with the advent of a new marketing firm. In the construction sector, activity is projected to decline; nonetheless activity in the sector will be based on three private sector projects including on-going work at the Zemi Beach Resort, the Manoah hotel project and the refurbishment of the recently purchased Malliouhana Hotel and Spa. Public sector construction will be limited by the inability of the Government of Anguilla to engage in discretionary borrowing.

The central government fiscal operations are expected to improve consistent with domestic growth prospects and continued revenue buoyancy through the retention of the Interim Stabilisation Levy and the increase in the customs surcharge from 3 to 6 per cent in late 2012. Most of the other revenue heads are expected to remain buoyant. Current



expenditure is expected to be contained through continued restraint on outlays on wages attributable to limits on new hiring, while measures to restrict spending on goods and services through deliberate policy actions will continue. Capital expenditure will likely decline relative to 2011 and be dominated by small grant funded projects.

On the Balance of Payments the deficit on the merchandise trade account is expected to increase in support of higher imports consistent with a recovery in tourism related activity and construction. An increase is projected in gross inflows from travel in 2013, based on anticipated increases in visitor arrivals. In the banking system, an expansion in broad money and domestic credit is anticipated. The anticipated recovery in domestic credit will largely depend on developments in the real sector led by a resumption in investment by the private sector, given the borrowing constraints imposed on the central government by the UK authorities.

On balance the outlook for Anguilla is uncertain and will largely reflect developments in the territory's major trading partners. The resumption of capital inflows into Anguilla in the form of Foreign Direct Investment would provide the needed stimulus to fuel construction activity and generally higher real sector activity. A number of memoranda of understanding have been recently concluded, between the Government of Anguilla and private sector investors, the successful conclusion of which would provide the needed impetus for the economy to resume economic growth. The performance of the tourism industry, specifically the stay-over visitor sub-category, will depend on the degree of optimism of consumers in the major source markets coupled with a more effective marketing strategy. Additional threats to the economic performance of Anguilla include; higher petroleum prices, reduced airlift for the tourism industry, possible storm damage to the tourism plant and financial sector fragility associated with prolonged weakness in the domestic economy.



ANTIGUA AND BARBUDA

Overview

Economic activity in Antigua and Barbuda is provisionally estimated to have expanded in 2012, following three consecutive years of negative economic growth. Preliminary data suggest that economic activity increased by 1.6 per cent in 2012, in contrast to a revised 3.0 per cent contraction recorded in 2011. The expansion of activity was supported by increased activity in the tourism industry and the construction sector, which helped to buoy activity in the ancillary sectors such as wholesale and retail trade and transport, storage and communications. Inflation eased, as indicated by a 1.8 per cent rise in the Consumer Price Index (CPI), on an end-of-period basis, compared with a 4.0 per cent increase in 2011. The fiscal operations of the Central Government improved relative to 2011 as the overall deficit narrowed due to an increase in revenue and a reduction in capital expenditure. The stock of total outstanding public sector debt decreased for the period under review, as the government paid off outstanding arrears. In the banking system, monetary liabilities and the stock of domestic credit fell while the net foreign assets of the

banking system increased. Liquidity at commercial remained high and the weighted average interest rate spread between loans and deposits narrowed. In the external sector, a smaller overall surplus on the Balance of Payments was recorded notwithstanding a narrowing of the current account deficit.

Economic activity is projected to expand modestly in 2013, due mainly to expansion in the hotels and restaurants, construction, wholesale and retail trade, and real estate sectors. However, growth will depend largely on economic developments in the major advanced economies, especially the Euro area and the United States. Overall, the global economic environment remains fragile and prone to further negative shocks, although the balance of risk is now less skewed to the downside than it has been in recent years. Inflation is expected to remain subdued in 2013, given the outlook for commodity and energy prices. The fiscal position of the government is forecasted to deteriorate on account of increased capital spending and higher external interest payments. The external current account deficit is projected to widen due in part to a higher level of import to



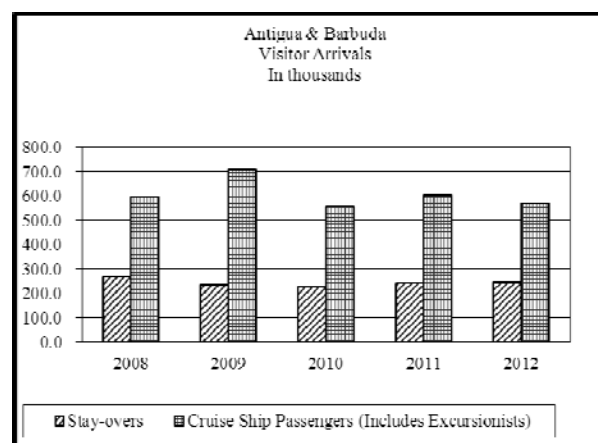
increase at a faster rate than export earnings on the service account.

One of the principal downside risks to the projections include the current tepid and uncertain pace of the global recovery, which is likely to weigh on domestic growth. In an environment of slow growth and continued volatility, a steady hand is required to avoid pro-cyclical policy and to rebuild macroeconomic buffers so that the authorities could react in the case of new external or domestic shocks. A further slowdown in advanced economies will dampen the recovery and put additional pressures on the macroeconomic situation. A rise in food, oil and other commodity prices is another major threat to the growth prospects of Antigua and Barbuda. Consequently, the output gap will only narrow marginally in the medium term.

Output

The pace of economic activity increased in Antigua and Barbuda in 2012, influenced by increased value added in the key sectors of the economy, namely, hotels and restaurants, construction, wholesale and retail, transportation, storage and communications and public administration. The increases were partly offset by a decrease in value added in financial intermediation. Together those

sectors accounted for roughly 82.0 per cent of value added produced in the economy.



The hotels and restaurants sector, which accounted for 15.6 per cent of GDP in 2012, recorded a 1.3 per cent increase in value added compared with a revised 4.4 per cent increase in 2011. The slower growth in the sector reflects a deceleration in the rate of growth of stay over visitor arrivals. Preliminary data indicate that stay over arrivals grew by 2.3 per cent to 246,926 in 2012, compared with growth of 5.0 per cent recorded in 2011. Increases in passengers from the USA and Canadian markets were primarily responsible for the growth in stay over visitor arrivals, while all other source markets recorded a decline. Visitor arrivals from the USA and Canadian markets rose by 9.9 and 8.0 per cent respectively, due to increased airlift out of these destinations. The European and



Caribbean markets, which account for roughly half of all stay-over visitor arrivals, declined by 6.8 and 13.7 per cent respectively; reduced arrivals from these destinations may be reflective of the weak economic performance in these markets, as well as higher airfares for intraregional travel. Notwithstanding a 1.5 per cent increase in the number of cruise ships making calls to the country, cruise ship passengers fell by 6.1 per cent to 567,707 representing a turnaround in performance relative to 2011. The decrease in cruise ship passengers reflected the fact that smaller vessels visited the destination. Yacht passengers rose by 15.0 per cent to 28,060 consistent with a 19.6 per cent increase in the number of yachts visiting the country.

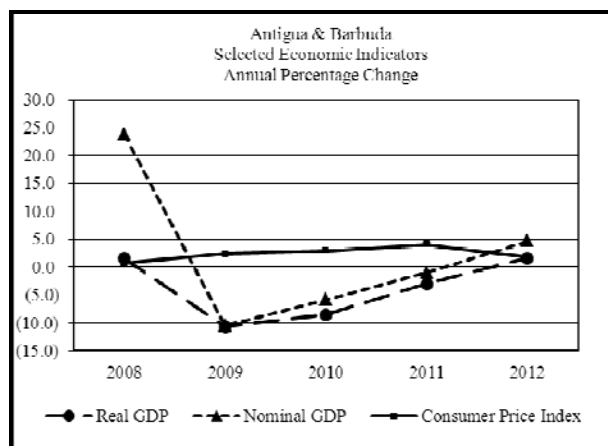
Activity in the construction sector improved in 2012 following three years of negative growth. Construction activity, which accounted for 8.8 per cent of GDP, increased by an estimated 2.2 per cent in 2012 in contrast to a revised 21.8 per cent drop in 2011. This positive development partly reflected strengthening of activity in both the private and public sectors, as policy measures aimed at stimulating the construction industry, such as, the construct Antigua and Barbuda initiative gained traction and the work

advanced on the new terminal building at the VC Bird International airport. In the private sector residential construction was primarily responsible for the pickup in activity while non-residential construction was virtually flat. Data from commercial banks indicate that credit for home construction and renovation rose by 9.0 per cent (\$44.8m), in contrast to a decline of 1.8 per cent recorded during 2011. The increase in construction activity was partly offset by a decreased in public sector activity as capital expenditure by the central government fell by 69.1 per cent (\$46.7m) to \$21.0m in 2012, in contrast to a 25.9 per cent (\$13.9m) increase in 2011. Consistent with the increase in construction activity were the 11.0 per cent rise in the imports of construction material and a 2.5 per cent increase in quarrying output, due to an increase in the production of concrete blocks and aggregates

The increase in economic activity spurred an increase in value added in the wholesale and retail trade sector. Output in the sector is estimated to have increased by 2.0 per cent and accounted for 14.3 per cent of GDP. Stronger activity in the hotels and restaurants, construction and wholesale and retail trade sectors helped to stimulate output in the



transport, storage and communications sector. Valued added in the transport, storage and communications sector is estimated to have increased by 1.4 per cent and accounted for 11.8 per cent of GDP. Meanwhile, a fall in domestic credit and a rise in non-performing loans led to a fall in banks profitability, which lowered value added in the financial intermediation sector by an estimated 1.4 per cent in 2012.



Prices, Wages and Employment

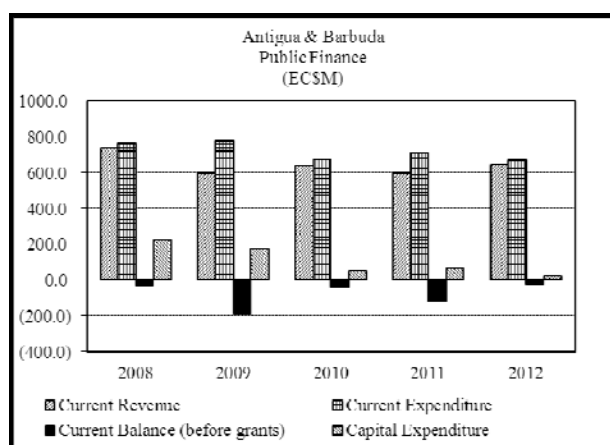
The rate of inflation, as measured by the consumer price index, rose in 2012 by 1.8 per cent, compared with an expansion of 4.0 per cent in the corresponding period of 2011. All of the sub-indices of the CPI recorded slower increases in prices with the exception of clothing and footwear and personal services, which recorded declines. The food sub-index, the largest weighted in the CPI basket,

recorded a deceleration in the rate of growth, increasing by 2.6 per cent, compared with growth of 3.8 per cent in 2011. Transport and communication, the second largest component of the CPI, recorded a 2.0 per cent increase in prices compared to an increase of 6.3 per cent in 2011, driven mainly by an increase in prices of gasoline and motor vehicle spare parts. The fuel and light sub index recorded a 5.2 per cent increase, attributable to growth in the price of petroleum products and the fuel variation charge on electricity recorded during the first half of 2012. There were no wage increases in the public sector as the government imposed a freeze on salaries and wages, as part of its fiscal adjustment programme under the IMF Stand By Arrangement.

Central Government Fiscal Operations

Preliminary data on the fiscal operations of the Central Government indicate the overall fiscal deficit narrowed in 2012 relative to the one in the corresponding period of 2011. An overall deficit of \$43.5m (1.4 per cent of GDP) was recorded in 2012, compared with a deficit of \$160.1m (5.3 per cent of GDP) in 2011. An increase in revenue collections along with lower outlays for capital expenditure led to the improvement in the overall deficit. The

current account deficit totalled \$24.9m compared to a revised one of \$118.4m in 2011. This outturn was influenced mainly by higher revenue collections which outpaced the growth in current expenditure. The primary balance, a key indicator of debt sustainability, recorded a surplus of \$36.5m (1.2 per cent of GDP) in contrast to the deficit position registered in 2011. The primary balance was however below the target of 1.4 per cent established by the authorities.



Current revenue increased by 8.4 per cent (\$50.3m) to \$646.6 in contrast to 6.8 per cent decline in 2011. The improvement in revenue collections reflected not only higher levels of economic activity, but also improvements in tax administration and enforcement by the authorities as well as increased compliance by tax payers. Tax revenues rose by 9.6 per cent (\$52.9m), as receipts from all the major tax

categories improved. Revenue collections from taxes on domestic goods and services were especially strong as they increased by 17.4 per cent (\$40.8m) due to higher collections on the Antigua and Barbuda sales tax (ABST) which rose by 15.5 per cent to \$227.5m. Receipts from taxes on income and profits, property as well as international trade and transactions rose by 11.0 per cent, 25.6 per cent and 0.1 per cent respectively. The increase in tax revenue was partly offset by a 5.6 per cent (\$2.5m) decrease in the collection of non-tax revenues, as profits from the State Insurance Corporation were not collected again in 2012.

Current expenditure declined by 6.0 per cent (\$43.2m) to \$671.5m, in contrast to growth of 5.7 per cent recorded in the corresponding period of 2011. The decrease in recurrent expenditure is attributable to lower outlays for transfers and subsidies and goods and services while those on personal emoluments and interest payments rose. Outlays for transfers and subsidies fell by 17.7 per cent (\$43.9m) as the liquidity support given to ABI Bank Ltd in 2011 was not repeated and a reduction in transfers to Antigua and Barbuda Airport Authority. Expenditure for goods and services fell by 9.5 per cent (\$12.0m) as tighter control



over expenditure was enforced and due to enhanced procurement practices by the Government which led to decline in expenditure on goods and services. Personal emoluments rose by 3.8 per cent (\$9.9m) due to new hiring of teachers, firemen and police officers. Interest payments rose by \$2.8m to \$80.0 from \$77.3m in 2011, as a result of an increase in domestic interest payments.

Public Sector Debt

Preliminary data indicate that the public debt to GDP ratio decreased to 89.3 per cent in 2012, from a revised 93.6 per cent ratio at the end of 2011. During the review period total disbursed outstanding public sector debt decreased by 0.21 per cent to \$2,836.0m at the end of 2012. The decrease in debt stock was attributable to a fall in both domestic and external borrowing by the central government. The stock of central government debt declined by approximately \$16.5m on account of a fall in both domestic and external arrears. The stock of debt without arrears rose by \$97.1m due to disbursements received from the IMF, CDB and the issuance of T-bills on the RGSM.

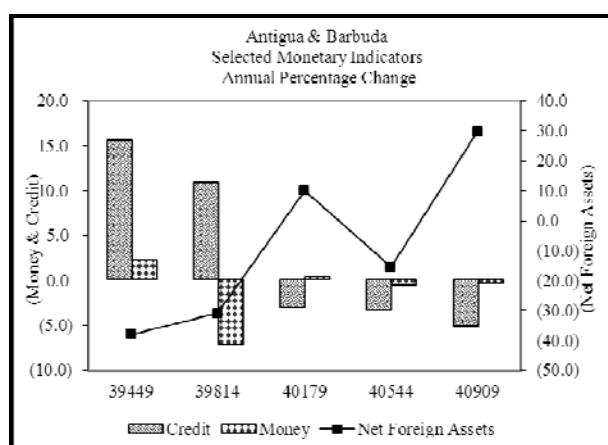
Money and Credit

The total monetary liabilities (M2) of the banking system decreased slightly by 0.4 per cent to \$2,709.1m, due a decrease in the narrow money supply which more than offset the increase in quasi money. Narrow money (M1) declined by 8.1 per cent to \$554.0m, due to a 7.6 per cent (\$34.0m) drop in private sector demand deposits while currency with the public and EC\$ cheques and drafts declined by 6.4 and 26.4 per cent, respectively. By contrast, quasi money increased by 1.8 per cent attributable to an 8.7 per cent increase in private sector saving deposits.

Domestic credit declined by 5.1 per cent to \$2,698.8m in 2012, following a 3.3 per cent contraction in 2011. The decrease in domestic credit was attributable to a decline in private sector credit while net credit to the public sector rose. The stock of private sector credit declined by 2.8 per cent influenced primarily by a decline in business credit (10.8 per cent) while credit to households rose by 3.9 per cent reflecting increased lending for mortgages. The net deposit position of the non-financial



public sector increased by \$92.6m to \$216.5m, due to an \$86.1m increase in their deposits. By contrast, net credit to general government rose by 2.8 per cent (\$14.6m) influenced by increased holding of government debentures by commercial banks and a \$9.6m reduction in the deposits of the government at commercial banks.



The distribution of commercial bank credit by economic activity indicated mixed performance among the economic sectors. Credit for personal use, which accounts for roughly 44.0 per cent of total credit, increased by 2.3 per cent (\$29.4m), reflecting mainly increases in key sub components such as credit for acquisition of property (\$46.7m) while credit for durable consumer goods declined by (\$25.7m). Credit for distributive trade also registered an increase of 4.4 per cent (\$10.9m). Of the other key sectors,

declines were registered in credit extended for tourism-related activities (8.3 per cent), construction and land development (16.4 per cent).

The net foreign assets of the banking system rose by 29.7 per cent (\$104.8), in contrast to a decrease of 15.6 per cent in 2011. Antigua and Barbuda's imputed share of the reserves at the Central Bank rose by \$30.5m to \$427.7m at the end of 2012 largely attributable to an increase in bankers reserves. The commercial banks net positions shifted to a net foreign assets position from a net liability position at the end of 2011. Their net foreign assets rose by \$74.3m to \$30.1m from a net liabilities position of \$44.3m in 2011, as the commercial banks increased their assets with banks in other ECCU territories.

Liquidity within the banking sector remained high, as liquidity ratios remained well above the ECCB stipulated benchmarks. The ratio of liquid assets to total deposits plus liquid liabilities increased by 0.3 percentage points to 48.3 per cent well above the minimum of 20.0 per cent established by the ECCB regulations, while the loans and advances to total deposits ratio decreased by 6.3 percentage points to 79.6 per cent, within the



75.0 to 85.0 per cent range stipulated by the ECCB.

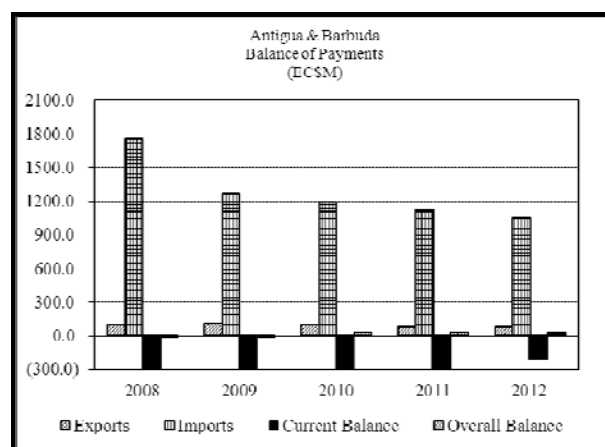
The weighted average interest rate on deposits decreased by 0.07 percentage points to 3.0 per cent, while those on loans decreased by 0.68 percentage points to 9.5 per cent as banks lowered interest rates in response to increased liquidity and competition. Those movements led to a narrowing of the weighted average interest spread, by 62.0 basis points to 6.5 per cent from 7.1 per cent at the end of 2011.

Balance of Payments

Preliminary estimates of the balance of payments (BOP) showed that the overall position on the BOP recorded a smaller surplus of \$21.6m (0.7 per cent of GDP), compared with a surplus of \$30.1m (1.0 per cent of GDP) in 2011. The current account deficit narrowed to \$212.0m (6.7 per cent of GDP) in 2012, from a deficit of \$327.8m (10.8 per cent of GDP) in 2011. In line with the improvements on the current account, the merchandise trade deficit narrowed to \$964.5m (34.5 per cent of GDP) as the level of imports declined due to lower economic activity.

On the services account, net inflows is

estimated to have increased by \$33.3m to \$765.4m, from a revised figure of \$732.1m recorded in 2011, largely attributable to increased inflows from transportation and travel services. Net inflows on the transportation account grew by an estimated \$16.3m to \$132.4m, due to larger inflows for the air transportation sub-account, consistent with the increase in stay-over tourists and additional airlift into the country. Net travel receipts increased by \$12.9m to \$722.3m from \$709.4m in 2011; associated with the increase in stay-over tourist arrivals. On the income account, there was a decrease in net outflows, attributed to reduced external interest payments on government transactions. This led to a narrowing in the deficit on the income account to an estimated \$112.3m in 2012, from \$118.6m in 2011.



The capital and financial account recorded a surplus of \$233.6m in 2012 compared to a



revised surplus of \$357.9m in 2011. The decrease on the capital and financial account was a result of a reduction in foreign direct investment and external loan disbursements to the government. There was a net inflow of \$56.4m in public sector long term loans compared with \$80.5m in 2011. The transactions of commercial banks resulted in a net outflow of \$74.3m in short-term capital, primarily associated with transactions of the foreign branch banks.

Prospects

Economic activity is projected to expand modestly in 2013. This growth in 2013 will be driven mainly by expansions in activity in the hotels and restaurants, construction, wholesale and retail trade, and real estate sectors. Overall, growth will depend largely on economic developments in the major advanced economies, especially the Euro area and the United States. The global economic environment remains fragile and prone to further disappointment, although the balance of risks is now less skewed to the downside than it has been in recent years. Tourism arrivals are expected to increase in 2013, as airlift increases particularly from fast growing destinations such as Canada. The outlook for

activity in the construction sector, a major driver of growth, is positive as work intensifies on the terminal building at the airport and the extension of Construct Antigua and Barbuda Initiative, the construction of the new Treasury building and the construction of primary school in the Five Islands area. Positive activity in these sectors of the economy will likely provide the impetus for growth in other ancillary sectors of the economy such as the wholesale and retail trade, transport, storage and communications and mining and quarrying sectors.

The fiscal operations of central government are expected to deteriorate due to increased interest payments obligations as the Paris Club arrangement expires and the issuance of a bond for the resolution of ABI Bank Ltd. However, the authorities continue to implement a number of cost saving and revenue enhancing measures which are likely to mitigate the level of deterioration in the fiscal operations.

On the external accounts, the current account deficit is projected to widened, based on an expected increase in import payments, while the surplus on the capital and financial account is expected to decline due to lower



FDI inflows leading to smaller overall surplus on the balance of payments. On the export side, service earnings are expected to increase due to higher earnings from transportation and travel services.

In the banking system, monetary conditions are projected to remain constrained. Broad money (M2) is expected to increase moderately while credit conditions are likely to remain tight due to heightened uncertainty about economic conditions and job prospects. Inflationary pressures are likely to remain subdued as the price of both oil and food are expected to remain stable or decrease.

A principal downside risk to the projections is the possibility of a tepid and uncertain pace of the global recovery, which is likely to weigh on growth. In the United States of America the major fiscal contraction threatened by the fiscal cliff has passed, but uncertainty continues to surround the future path of fiscal

policy which will be a drag on economic growth and in the Euro Zone countries are still recovering from the debt crisis which took place over the last three years. In emerging market economies which have been providing an impetus to growth over the last several years has seen a sharp slowdown in growth those countries as well. In an environment of slow growth and continued volatility, a steady hand is required to avoid pro-cyclical policy and to rebuild macroeconomic buffers so that authorities can react in the case of new external or domestic shocks. A further slowdown in advanced economies will dampen the recovery and put additional pressures on the macroeconomic situation. A rise in food, oil and other commodity prices is another major threat to the growth prospects of Antigua and Barbuda. Consequently, the output gap will only narrow marginally in the medium term.



DOMINICA

Overview

Preliminary data indicated that the economy of Dominica contracted by 0.5 per cent in 2012, following two consecutive years of marginal growth. The lacklustre performance in agriculture, construction, tourism, and wholesale and retail trade moderated the gains in the manufacturing; education; and transport, storage and communications sectors. Consumer prices rose by 2.0 per cent during 2012, on an end of period basis. The central government realised a wider overall fiscal deficit, resulting in an increase in the stock of disbursed outstanding debt of the public sector. In the banking sector, there were increases in monetary liabilities, domestic credit and net foreign assets. Commercial bank liquidity increased, while the weighted average interest rate spread between loans and deposits widened. In the external sector, a lower surplus was recorded on the balance of payments, influenced by lower net inflows on the capital and financial account.

Economic activity is expected to remain flat in 2013, predicated on weak performances in

agriculture, tourism and construction. The downside risks to these projections include unfavourable weather; subdued growth in the economies of major export markets; an increase in global energy prices; and setbacks in receiving additional airlift and grant funding.

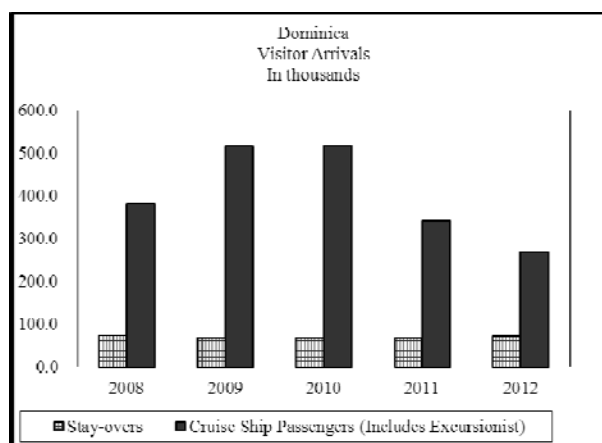
Output

Value added in the agriculture, livestock and forestry sector, which accounted for 11.2 per cent of GDP, declined by 0.4 per cent. The performance was marked by a downturn in the banana sub-sector which continued to grapple with the combined effects of the Black Sigatoka disease and adverse weather. Banana production fell by 40.7 per cent to 2,465 tonnes. The output of non-banana crops such as citrus, cocoa, and pineapples is estimated to have increased by 4.0 per cent reflecting continued diversification efforts. Chicken and pork farming is also estimated to have increased, contributing to a 3.0 per cent rise in the production of livestock.

Construction activity is estimated to have contracted by 4.0 per cent in 2012, premised



on developments in the public sector. Public sector construction is estimated to have slowed based on the available data for capital spending which shows a reduction of 3.2 per cent. Work progressed on major public sector projects such as the Roseau Melville Hall Road Upgrade (Lot 2), the State House Renovation and Extension Project, State College, Moroccan Hotel Project and the geothermal initiative. In the private sector, the number and value of construction starts rose by 25.6 per cent and 49.7 per cent respectively. The sector's contribution to GDP declined by 0.3 percentage points to 6.7 per cent. The slowdown in overall construction activity had negative spill over effects on value added in the mining and quarry sector which fell by 2.0 per cent.



Value added in the hotels and restaurants sector, a proxy for tourism activity, declined

marginally (0.8 per cent) in 2012. The sector's contribution to GDP remained unchanged at 1.9 per cent. Weak activity in the tourism industry mirrored developments in the cruise sub-sector. The number of cruise ship calls was reduced by 13 to 183, leading to a 22.1 per cent decrease in the number of passengers which totalled 266,178. Consequently, total visitor arrivals were down by 16.6 per cent to 353,166. Despite an increase of 3.5 per cent to 73,298 in the number of stay-over visitors, the total bed-nights in paid accommodation is estimated to have declined contributing further to a contraction in the sector. Stay-over arrivals from the USA and the Caribbean, the two largest source markets, rose by 8.1 per cent and 0.5 per cent respectively, supported by intense marketing efforts. Likewise, improvements were observed in arrivals of excursionists and yacht passengers. There was a more than two fold increase in the number of excursionists to 1,927, supported by additional ferry services introduced during 2012. Furthermore, the first ever Shop Dominica initiative held in August 2012 which offered discounts and made promotional offers to shoppers may have contributed to the increase in excursionists from neighbouring islands. The number of



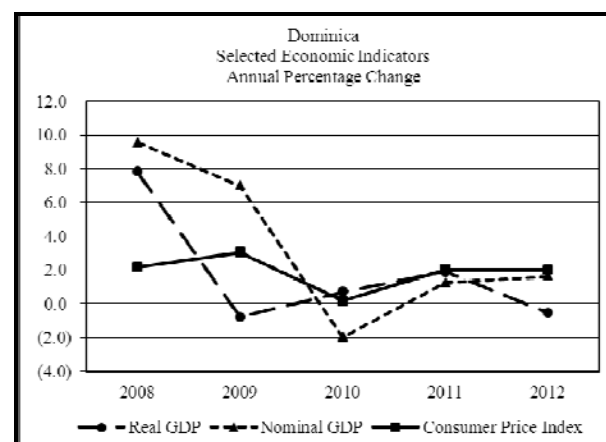
yacht passengers rose by 13.8 per cent to 11,763, mirroring the impact of efforts to improve the quality and safety of marine facilities.

Lacklustre developments in agriculture and tourism are likely to have impacted the activity in two large sectors of the economy, namely, the transport, storage and communications sector and the wholesale and retail trade sector. The largest sector in the economy, transport, storage and communications sector, which accounted for 15.4 per cent of GDP, registered marginal growth (0.1 per cent) based on growth in communications. Activity in the wholesale and retail trade sector, which represented 13.2 per cent of GDP, contracted by 6.0 per cent, consistent with the decline in imports.

In the remainder of the economy, there was a rebound in the manufacturing sector, following five consecutive years of contraction. Output of the manufacturing sector, which accounted for 3.7 per cent of GDP, rose by 8.0 per cent, mirroring increases in the production of soap (16.7 per cent) and beverages (2.2 per cent).

Growth of 1.4 per cent was realised in the

education sector which accounted for 14.1 per cent of GDP. This performance was based on an estimated increase in the number of students arriving in Dominica in the review period. Other sectors which registered growth include fishing (2.5 per cent), financial intermediation (1.7 per cent) and real estate, renting and business activities (0.7 per cent).



Prices, Wages and Employment

The inflation rate, as measured by a change in the consumer price index, was 2.0 per cent in 2012, virtually unchanged from the rate of increase in 2011. Inflationary pressures largely stemmed from increases in the three largest sub-indices. The housing, utilities, gas and fuels sub-index, the highest weighted sub-index, was up by 2.9 per cent, partly arising from higher prices for electricity and the



provision of water supply and related services to households. The transport sub-index rose by 2.3 per cent, influenced by higher airfares and cost of sea travel. The food and non-alcoholic beverages sub-index increased by 3.0 per cent, partly resulting from rising prices for a number of food products including oils, fats, fruits, coffee, tea and cocoa. Inflationary pressures were partially eased by declines in the sub-indices for household furnishings, supplies and maintenance (1.6 per cent), clothing and footwear (1.2 per cent), and recreation and culture (0.5 per cent).

The total number of persons employed in the public service rose by 9.7 per cent to 4,527 at the end of 2012. Increases in employment were registered for all categories of public sector workers - non-established workers (22.7 per cent), contractual officers (20.3 per cent) and established workers (6.0 per cent). There were no salary increases awarded in the public sector in 2012. Complete data in the private sector are unavailable. Anecdotal evidence suggests that self-employment increased in the following areas: fast food booths, produce stalls, animal farming, fishing, landscaping, grass cutting, as well as in security and cleaning services.

Central Government Fiscal Operations

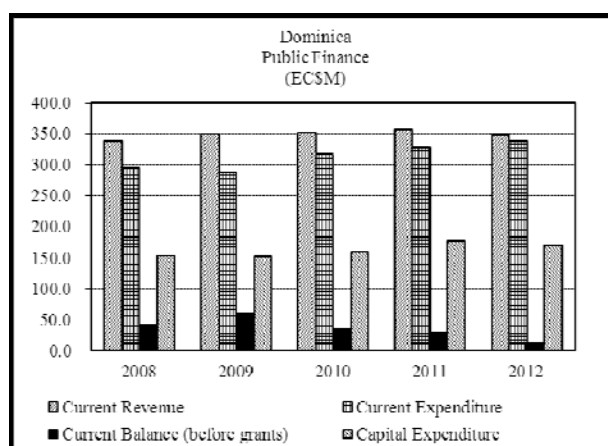
The overall deficit of the central government widened to \$158.0m (12.2 per cent of GDP) in 2012, from \$113.8m (8.8 per cent of GDP) in 2011. The deficit was mainly financed by borrowings from bi-lateral and multi-lateral agencies; commercial bank lending; and the issuance of securities on the Regional Government Securities Market (RGSM). A primary deficit of \$114.7m (8.9 per cent of GDP) was recorded, compared with one of \$89.2m (6.9 per cent of GDP) in 2011. The central government did not achieve its primary balance to GDP target of 1.0 per cent in 2012.

The deficit was largely on account of a 94.2 per cent reduction in grants to \$1.9m. This development mirrored soft global economic activity and the scheduled end of certain financing instruments and projects. Preliminary data indicated that capital expenditure fell by 3.2 per cent to \$171.0m.

The surplus on the current account was down by 61.3 per cent to \$11.3m, resulting from an increase in current expenditure and a reduction in tax revenue. Current expenditure grew by 3.0 per cent (\$9.9m) to \$338.0m, largely on account of higher interest



payments. Interest payments almost doubled to \$43.3m, reflecting the fulfillment of interest obligations for debt contracted in 1999 and restructured in July 2012, based on the terms and conditions of the 2004 debt restructuring exercise. Spending on transfers and subsidies increased marginally by \$0.7m to \$68.1m, partly influenced by increases in public assistance and contributions to local institutions. By contrast, expenditure on personal emoluments declined 2.9 per cent (\$4.1m), relative to the amount registered in the corresponding period of 2011 when retroactive salary increases were awarded to public servants. Outlays on goods and services contracted by 5.6 per cent to \$91.9m reflecting government's efforts to rationalize this expenditure.



Current revenue decreased by 2.3 per cent to

\$349.3m on account of a reduced intake from tax revenue. Tax revenue fell by 3.0 per cent (\$9.2m), mirroring weak domestic activity. The yield from taxes on international trade and transactions, the largest tax sub-category, was down by 14.5 per cent (\$10.2m), mainly attributed to lower receipts from import duty which is consistent with the decline in imports. In addition, collections from taxes on property, the smallest sub-category, decreased by 21.7 per cent (\$1.7m), impacted by the lower intake from taxes on land transactions. These declines were moderated by increases in the yield from taxes on domestic goods and services (\$1.7m) and on income and profits (\$1.0m). Receipts from the Value Added Tax (VAT) rose by 5.8 per cent, largely contributing to the improved collections from taxes on domestic goods and services. An increase of 12.1 per cent in the collections of corporation tax was the major contributor to growth in the yield from taxes on income and profits. Non-tax revenue rose by 2.6 per cent to \$46.7m, largely attributed to an increase in collections from the economic citizenship programme and from other fees, fines and sales.

Public Sector Debt

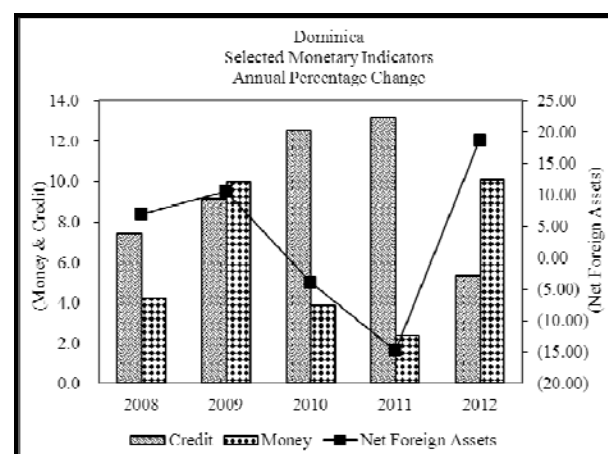
The total disbursed outstanding debt of the

public sector totalled \$1,034.5m (79.9 per cent of GDP) at the end of 2012, compared with \$924.8m (71.9 per cent of GDP) at the end of 2011. The fiscal target of a debt to GDP ratio of 69.0 per cent in 2012 was not met. External debt rose by 10.4 per cent (\$67.7m), partly reflecting increased disbursements from the Peoples' Republic of China, the Agence Francaise de Development, the Caribbean Development Bank and the International Monetary Fund. Some of the disbursements were for reconstruction and rehabilitation to infrastructure which was damaged by adverse weather in 2011. Domestic debt increased by 15.5 per cent (\$42.0m) reflecting increased borrowing from the commercial banks in the form of both loans and holdings of securities. The central government issued securities on the RGSM for the first time on 24 February 2012 and actively participated in the market throughout the remainder of the year. The debt of the central government rose by 14.5 per cent to \$860.4m, while that of the public corporations increased by 0.2 per cent to \$174.1m.

Money and Credit

Monetary liabilities (M2) expanded by 10.1 per cent to \$1,138.4m at the end of 2012,

mainly resulting from an increase of 7.9 per cent (\$66.3m) in quasi money. Growth in quasi money reflected increases in private sector savings deposits (\$64.0m) and private sector foreign currency deposits (\$9.8m). Narrow money (M1) rose by 20.1 per cent (\$38.1m) reflecting increases in private sector demand deposits (\$35.5m) and EC\$ cheques and drafts issued (\$4.0m). The remaining component of M1, currency with the public, fell by \$1.4m.



Domestic credit grew by 5.3 per cent, reflecting increases in credit to the government and the private sector. Outstanding credit of the central government was up by 58.6 per cent, while its deposits rose by 10.6 per cent resulting in an 80.0 per cent reduction in the net deposit position of the central government. Private sector credit rose by 4.3 per cent, largely on account of



increased lending to households. In the rest of the public sector, the net deposits of the non-financial public enterprises rose by 31.5 per cent, reflecting an increase in their deposits.

The distribution of credit by economic activity indicated that the largest increases in credit were for construction (78.6 per cent), public administration (56.1 per cent), and personal use (3.2 per cent). Declines were recorded in credit for tourism (28.1 per cent); manufacturing mining and quarry (23.7 per cent); entertainment and catering (22.5 per cent); utilities, electricity and water (16.6 per cent); agriculture and fisheries (11.6 per cent); and the distributive trades (5.9 per cent).

The net foreign assets of the banking system rose by 18.8 per cent to \$542.5m at the end of 2012, in contrast to a reduction of 14.8 per cent observed at the end of 2011. The net foreign assets of commercial banks grew by 16.2 per cent, mainly attributed to an accumulation of assets held with institutions outside the Eastern Caribbean Currency Union. Dominica's imputed share of ECCB's reserves rose by 22.1 per cent to \$245.4m.

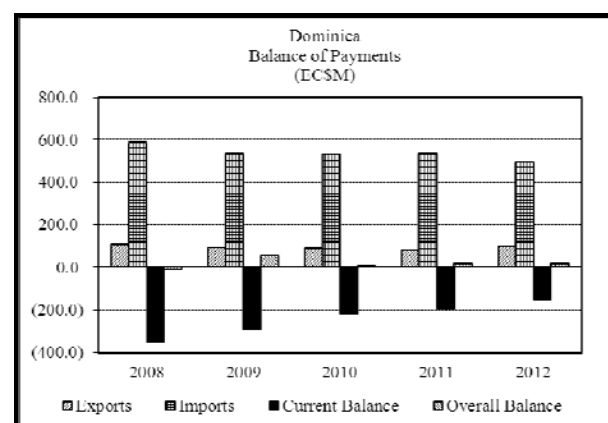
Liquidity in the commercial banking system increased during 2012. The ratio of liquid

assets to total deposits plus liquid liabilities increased by 1.1 percentage points to 40.1 per cent. The loans and advances to total deposits ratio rose by 0.2 percentage points to 64.4 per cent.

The spread between interest rates on loans and deposits was up by 0.39 percentage points to 6.02 per cent at the end of 2012. The weighted average interest rate on loans rose by 0.26 percentage points to 9.03 per cent, while the rate on deposits fell by 0.13 percentage points to 3.01 per cent.

Balance of Payments

Preliminary estimates indicated an overall surplus on the balance of payments of \$15.8m (1.2 per cent of GDP) in 2012 compared with one of \$17.2m (1.3 per cent of GDP) in 2011. The lower overall surplus mainly resulted from lower inflows on the capital and financial account.



The surplus on the capital and financial account moved to \$164.1m (12.7 per cent of GDP) in 2012 from \$209.8m (16.3 per cent of GDP) in the prior year. The performance was largely associated with developments on the financial account whereby commercial banks transactions led to a net outflow of \$41.3m. This was exacerbated by lower capital grant funding which caused the balance on the capital account to be reduced by 13.3 per cent to \$44.4m (3.4 per cent of GDP).

The current account deficit narrowed by 23.0 per cent to \$148.4m (11.5 per cent of GDP) in 2012, as a result of a smaller deficit on the goods and services account. The deficit on goods and services account narrowed to \$146.6m (11.3 per cent of GDP) mainly reflecting an improvement in the merchandise trade deficit by 13.9 per cent to \$393.0m in 2012. Earnings from merchandise exports increased by 24.5 per cent to \$100.3m, partly reflecting increases in export revenue from soap (\$5.9m); reductions were observed in export earnings from bananas (\$3.3m), beverages (\$2.0m) and paints and varnishes (\$1.3m). Merchandise imports (f.o.b) contracted by 8.2 per cent to \$493.3m, largely attributable to a decline in imports of machinery and transport equipment. Net

inflows on the services account declined by 1.4 per cent to \$237.0m, influenced by a 3.6 per cent contraction in net travel receipts which amounted to \$262.0m in 2012. On the income account, net outflows rose by 62.3 per cent, resulting from higher net outflows on investment income.

Prospects

Real economic output is forecasted to remain flat in 2013 as activity in agriculture; construction and tourism are likely to remain subdued.

In the agricultural sector, the efforts to contain plant disease have been curtailed by adverse weather, thus no significant turnaround is expected in banana output. Support for the banana industry is expected to be received under the European Union Commission's BAM (Banana Accompanying Measures) from 2013; the benefits of this are likely to be realized more in 2014 and beyond. The outlook for the non-banana sector is optimistic based on current efforts by the authority to diversify and implement the country's export strategy to seek new markets for fresh produce and agro-processed goods, thereby serving as a stimulus to increased production.



The winding up of major public sector infrastructural projects will continue to lead to a slowdown in construction activity. The upside is likely to be reconstruction and rehabilitation work that is likely to continue in areas that have been impacted by adverse weather particularly in the Layou Valley area.

Also, progressive efforts with the geothermal initiative can possibly result in drilling of a production well and placing of pipes for harnessing the energy by the end of 2013.

The 2012/2013 tourism season is expected to be positive with respect to the stay-over visitor arrivals as efforts aimed at marketing the destination to major source markets are expected to intensify. The performance of this category of visitors is likely to be boosted throughout 2013 by additional airlift and the promotion of the wedding and honeymoon market as an important niche market for the country. The prospects for cruise tourism are not likely to be as favourable based on the cruise schedules which indicate a lower number of cruise passenger arrivals for the 2012/2013 season in comparison to the 2011/2012 season.

Prospects for the education and manufacturing

sectors are positive. Value added in the education sector is anticipated to increase in 2013, based on plans to expand the operations of an education institution which would attract more foreign students to the country. The rebound in the manufacturing sector is forecasted to continue based on current efforts by manufacturers to not only take advantage of export opportunities but also to promote campaigns aimed at increasing local demand.

Amid the backdrop of weak economic activity, an overall fiscal deficit is likely to be realised in 2013, albeit lower than the deficit recorded in 2012. This forecast is predicated on the assumption that authorities will try to contain spending and ensure revenue inflows. In 2013, authorities are likely to cut back further on capital outlays and current spending on goods and services, provided that there are no pressures to accelerate such spending because of adverse weather. These spending cuts will be tempered by an increase in expenditure on personal emoluments which is likely to rise based on the recent agreement to grant wage increases and non-salary benefits to public service officers. General budget support from the European Union under the 10th European Development Fund (EDF) is expected to be received in 2013. Furthermore,



successful efforts to implement a large and medium tax payer unit by the first quarter of 2013 should help to improve collections.

In the external sector, the merchandise trade balance is likely to improve, contingent on low domestic demand and lower imports. Export earnings are likely to increase with improvements in manufacturing. Gross receipts from travel are projected to decline based on a forecasted decline in cruise and ultimately total visitor arrivals.

If risks in major export markets, such as an economic downturn in the USA, do not materialize, and domestic conditions improve, economic activity could be stronger than projected. However, downside risks remain; these include setbacks in the fulfillment of commitments for additional airlift and grant funding; adverse weather; and an increase in global energy prices. Furthermore, additional fiscal withdrawal from the economy 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

Preliminary data indicate that economic activity in Grenada declined in 2012 relative to the 2011 outturn, influenced by a persistently weak global economic environment. Real GDP is provisionally estimated to have contracted by 0.5 per cent in 2012, reversing the revised 0.4 per cent growth recorded in 2011. The decrease was largely attributed to declines in construction and tourism activity, as well as contractions in the transport, storage and communications and wholesale and retail trade sectors. The consumer price index rose by 1.8 per cent during 2012. The overall deficit on the central government's fiscal accounts widened, attributable to a reduction in total revenue and grants inflows while total expenditure expanded. Total outstanding public sector debt rose, based primarily on increased central government borrowings. Developments in the banking sector were marked by growth in monetary liabilities and domestic credit. Commercial bank liquidity fell during 2012, and the spread between the weighted average lending and deposit interest rates narrowed. The overall balance of payments deficit

decreased in 2012, when compared to the 2011 outturn.

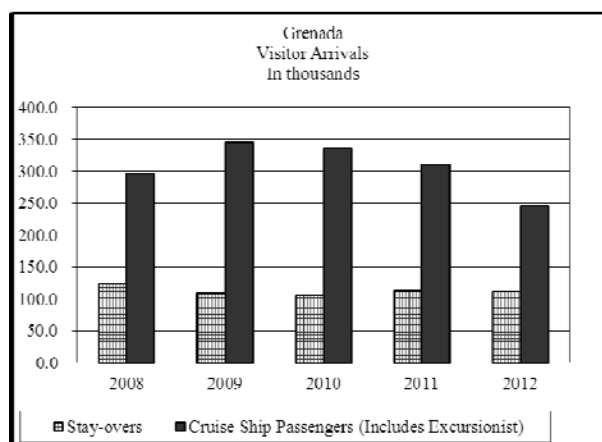
Prospects for a mild rebound in the Grenada economy in 2013 are good, based on projections of improved performance in the construction sector and the tourism industry. The likely multiplier effects of these sectors on other sectors are also anticipated to rebound to the benefit of the overall economy. An expansionary fiscal policy, to drive the public sector investment programme (PSIP) will likely lead to a larger overall fiscal deficit. Downside risks to the projections include adverse impact of a slowdown in the US economy on the Grenadian economy and adverse weather.

Output

Output in the construction sector is estimated to have declined further, by 14.9 per cent following a contraction of 6.6 per cent in 2011. Correspondingly, the sector's real contribution to GDP fell to 6.5 per cent, from 7.6 per cent in 2011. The fall in construction activity resulted from a combined reduction of both private and public sector works, owing to



the absence of major private sector projects coupled with government-driven PSIP implementation delays. At the private sector level, more prudent underwriting of mortgage loans limited the level of construction activity in this sector to mainly repairs and refurbishments. A reduction of available funds, including capital grants, constrained public sector works; however, some capital works were undertaken at the Grenville Market Square and Bus Terminus, the St George's Market Square and a few schools.



Tourism activity weakened in 2012. Value added in the hotels and restaurants sector, an indicator of tourism activity, declined by 1.2 per cent, in contrast to a 6.4 per cent expansion in 2011. The outturn was mainly influenced by a reduction in the number of cruise ship passengers, which fell by 21.7 per cent to 242,454, as the number of cruise ship

calls fell by 63 to 135 calls. Stay-over arrivals were 1.4 per cent lower than the 2011 outturn, influenced in part by the impact of persistent recessionary economic conditions on employment and the demand for leisure travel particularly among European travellers. Arrivals from the UK declined by 10.1 per cent, after growing by 5.1 per cent in 2011. Similarly, the number of visitors from the Caribbean fell by 6.2 per cent in contrast to a growth of 13.3 per cent in the prior year. The fall in Caribbean arrivals is a result of a number of issues including labour disputes at the main regional airline which led to operational bottlenecks, the subsequent reduction of airlift, and increased cost of intra-regional travel. On the other hand, travellers from the USA and Canada rose by 10.4 per cent and 8.1 per cent, respectively, consistent with improving economic conditions in those countries. Of the other categories of visitors, yacht passenger arrivals rose by 2.1 per cent, and the number of excursionists grew by 12.6 per cent.

Other notable sectoral declines were recorded in transport, storage and communications (1.2 per cent), partly reflective of the reduction in cruise ship arrivals. Wholesale and retail trade activity fell by 3.0 per cent consistent



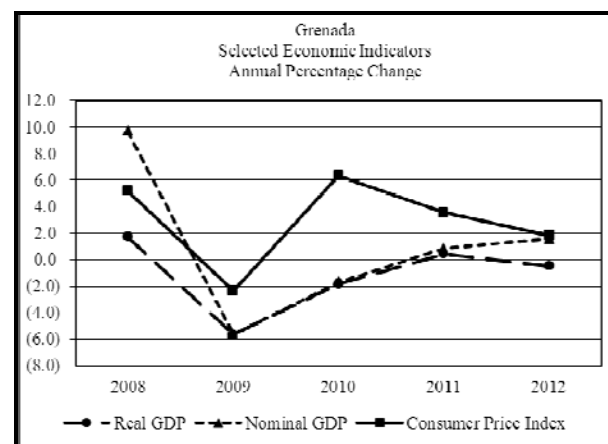
with the contraction in sectors such as hotels and restaurants and construction.

Agricultural activity strengthened in 2012. Value added in that sector expanded by 6.0 per cent in 2012, following growth of 3.1 per cent in 2011. The sector's contribution to GDP rose to 4.1 per cent from 3.9 per cent in 2011. Growth was boosted by increased yields from banana which rose by 80.8 per cent following a quadrupling of output the previous year, as output continued to rebound following devastation in prior years by diseases and poor weather conditions. Increased output was recorded for cocoa (36.3 per cent) and other crops, resulting from increased acreages. By contrast nutmeg output fell by 30.0 per cent as crop yields declined relative to a very good 2011 year. In the other sub-sectors, marginal growth was recorded in livestock (0.9 per cent) and forestry (1.2 per cent). In the related fisheries sector, the output of fish increased by 19.2 per cent.

Activity in the manufacturing sector is estimated to have marginally grown by 0.3 per cent in 2012, reversing a decline of 0.2 per cent in 2011. Increases in the output of soft drinks (10.8 per cent), the largest contributor

in the manufacturing sector, rum (25.8 per cent), oxygen (21.6 per cent) and poultry feed (4.5 per cent) were among the main contributor to the positive performance of the sector. Those expansions were however partly offset by declines in the output of several other manufactured goods, including flour (3.3 per cent), beers (4.2 per cent) reflecting lower demand for these products and paint (5.8 per cent) influenced by the decline in construction activity.

Among the other sectors, increases were also recorded in value added from education and public administration, defence & compulsory social security, the largest contributor to GDP.



Prices, Wages and Employment

The rate of inflation, as measured by the consumer price index, rose by 1.8 per cent during 2012, compared to an increase of 3.5



per cent (on an end of period basis) in 2011. The slower price growth is underpinned by a much smaller increase of 1.3 per cent in the food & non-alcoholic beverages sub-index, the largest weighted category. Lower prices for cereal products including rice and flour, poultry, dairy products and vegetables contributed to the decrease in the food sub-index. Prices in the communication sub-index declined marginally by 1.4 per cent, in contrast to a 13.8 per cent increase in the previous year. Meanwhile, prices in the housing, utilities, gas and fuel sub-index remained relatively stable year-on-year with an increase of 0.9 per cent recorded in 2012. Tempering the slowdown in price increases in 2012 was 4.9 per cent acceleration in prices for transport compared to a growth of 1.9 per cent in 2011.

Official data on wage movements during 2012 are not available for the private sector. In the public sector, no salary increase was paid to public officers, but increment payment would have contributed to higher wages for eligible public servants.

Official data on employment are unavailable for 2012. However, information from the National Insurance Scheme indicates a net

decline of 6.1 per cent in the number of active contributors in 2012 compared with the number in 2011. The contraction is consistent with the downturn in economic activity, particularly in the construction sector.

Central Government Fiscal Operations

Central government fiscal operations resulted in an overall deficit of \$120.3m (5.6 per cent of GDP) in 2012, almost doubling the 2011 outturn of \$66.4m (3.2 per cent of GDP). The increase in the overall deficit resulted from a reduction in total revenue and grants inflows, while total expenditure rose. The deficit was financed primarily from domestic sources. A primary deficit of \$46.7m (2.2 per cent of GDP) was recorded, more than tripling the outturn for 2011 when a deficit of \$14.8m (0.7 per cent of GDP) was recorded. The current account balance moved to a deficit position in 2012, for the second time in the past five years. Current transactions resulted in a deficit of \$32.9m (1.5 per cent of GDP), in contrast to a small surplus of \$4.9m (0.2 per cent of GDP) in 2011, largely attributable to a rise in current spending.

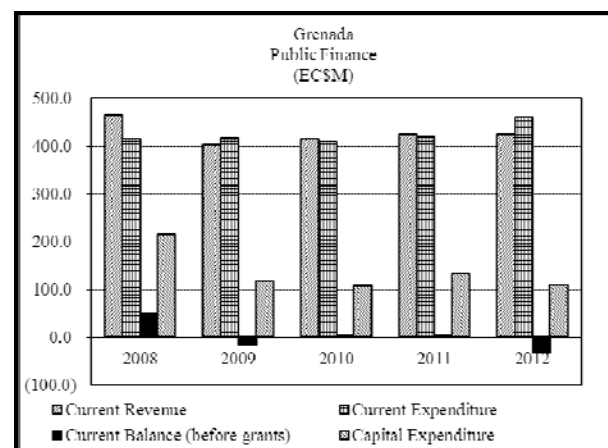
Current expenditure amounted to \$458.1m, representing an 8.9 per cent increase on the



total realised in 2011. As a percentage of GDP, current expenditure rose to 21.5 per cent from 20.0 per cent in 2011. Growth in expenditure stemmed mainly from increases in interest payments, in line with the effects of the stepwise debt servicing arrangement with some international creditors. Consequently interest payments rose by 42.7 per cent (\$22.0m), mainly due to an increase in external payments of 50.5 per cent (\$17.0m). Spending on goods and services increased by 15.1 per cent (\$11.3), partly due to an increase in expenditure for supplies to government ministries and departments. Expenditure on personal emoluments was higher by 2.5 per cent (\$5.6m), due to increased temporary hirings. Tempering the increase in current spending was a 2.2 per cent (\$1.6m) decline in outlays for transfers, associated with a decline in transfers abroad to entities such as embassies.

Current revenue remained relatively unchanged at \$425.3m in 2012, compared to \$425.7m in 2011. Receipts from taxes on income and profits rose by 2.2 per cent (\$1.6m), attributable to a 10.6 per cent (\$2.7m) increase in receipts from personal tax. By contrast, the yield from corporate taxes fell by 2.2 per cent (\$1.1m), symptomatic of the impact of the prevailing economic conditions

on businesses profits. Taxes on property also recorded an increase, of 10.1 per cent (\$1.5m) owing to enhanced collection methods employed by the Internal Revenue Department. Mitigating these outturns were declines in revenues from taxes on international trade and transactions of 2.3 per cent (\$2.6m), while collections from taxes on domestic goods and services was marginally lower by \$0.3m. These outturns are consistent with the downturn in economic activity for the period under review.



Capital expenditure, at \$108.4m (5.1 per cent of GDP), was 17.6 per cent (\$23.2m) below the total spent in 2011. The contraction was a reflection of limited resources available for capital spending. Spending on the Grenville Market Square and Bus Terminus and school rehabilitation accounted for most of the outlay. Capital spending was largely financed



by local resources as capital grants fell by 65.4 per cent to \$20.8m.

Public Sector Debt

The outstanding debt of the public sector was estimated at \$2,386.8m at end of 2012, representing an increase of 6.3 per cent on the total at the end of 2011. As a percentage of GDP the outstanding debt of the public sector rose to 112.0 per cent from 106.5 per cent at the end of 2011. Growth in public sector debt was driven largely by increases in borrowing by the central government. The total disbursed outstanding debt of the central government grew by 4.9 per cent to \$2,014.7m, mainly attributable to a 15.2 per cent increase in domestic debt. Estimates of the outstanding debt of public corporations indicate a 15.0 per cent increase to \$372.1m.

Money and Credit

Monetary liabilities (M2) increased marginally by 0.7 per cent to \$1,862.3m during 2012, the same marginal rate of growth recorded during 2011. The slow pace of growth was consistent with the slowdown in the pace of economic activity. Narrow money (M1), which is closely linked to consumer

transactions, was higher by 2.6 per cent, supported by increases in private sector demand deposits (3.5 per cent) and Currency with the public (3.9 per cent). Tempering the increase in M1 was a 23.7 per cent contraction of ECCB Cheques and Drafts Issued while quasi money rose by 0.3 per cent. Of the components of quasi money, the accumulation of private sector savings deposits was higher by 7.1 per cent; however time deposits declined by 10.9 per cent and foreign currency deposits contracted by 22.3 per cent.

The counterpart to growth in M2 was a 4.2 per cent increase in domestic credit to \$1,857.4m, underpinned by an expansion in lending to the private sector combined with decline in the non-financial public enterprises (NFPE) deposits. Private sector credit rose by 0.2 per cent, due to increases in outstanding loans to businesses, while lending to households contracted. The net deposits of NFPE decreased by 68.3 per cent (\$114.9m) largely resulting from decline in deposits to meet operational costs. The central government's net indebtedness to the banking system fell by 28.5 per cent to \$107.5m, largely attributable to a decline in credit extended to government. Net credit to the non-bank financial institutions was lower by 6.4 per cent,

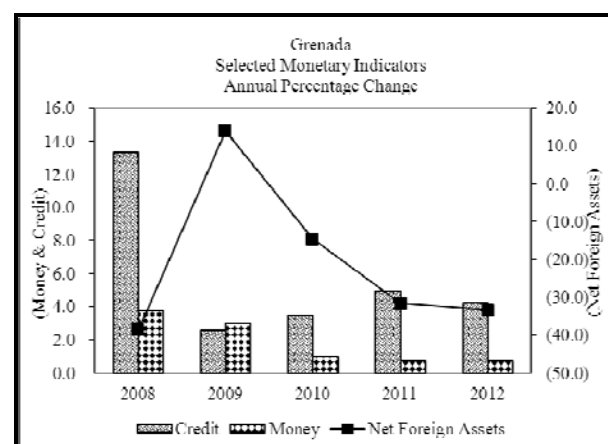


primarily on account of a reduction in loans contracted.

An analysis of credit by economic activity revealed that business related credit to manufacturing (including mining and quarrying) increased by 14.5 per cent (\$4.8m) in 2012; in contrast to a 7.0 per cent (\$2.5m) decline in 2011. Loans for agriculture (including fisheries) grew by 10.5 per cent (\$2.5m), while credit extended for distributive trade rose by 1.8 per cent (\$2.5m). Mitigating the rise in business related loans were declines in credit to the tourism sector by 18.9 per cent (\$30.4m), consistent with the downturn in tourism activity, and outstanding loans for construction which fell at a slower pace (8.5 per cent), mirroring developments in that sector. Credit for personal loans contracted by 1.1 per cent (\$13.0m), led by a 3.1 per cent (\$20.6m) decline in loans for the acquisition of properties and a 7.2 per cent (\$3.4m) reduction loans for durable goods. Tempering the decline in personal loans was a 2.2 per cent (\$11.0m) increase in a combination of other personal loans.

During 2012, the net foreign assets of the banking system declined by 33.4 per cent to \$110.4m. Commercial banks' external

transactions led to a net liabilities position of \$167.0m at the end of 2012. This development reflected a drawdown of their assets and growth in liabilities to institutions within and outside the Eastern Caribbean Currency Union, to mainly meet liquidity demands and growth in domestic credit. Grenada's imputed share of ECCB's reserves fell by 1.9 per cent to \$277.5m.



Liquidity in the commercial banking system decreased during 2012. The ratio of liquid assets to total deposits plus liquid liabilities fell slightly from 25.24 in 2011 to 24.9 per cent in 2012, placing the ratio marginally below the prudential benchmark of 25.0 per cent. The ratio of loans and advances to total deposits grew by 1.0 percentage points to 84.5 per cent while the cash reserve to deposits ratio to 8.4 per cent from 8.3 per cent in 2011.



The interest rate spread between deposit and lending rates narrowed to 6.52 percentage points from 7.47 percentage points at end of 2011. The weighted average interest rate on deposits fell to 2.68 per cent from 2.86 at the end of 2011, while the weighted average lending rate declined to 9.19 per cent from 10.33 per cent.

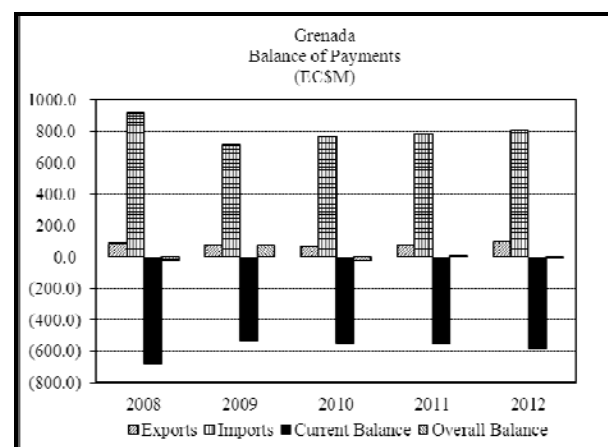
Balance of Payments

The overall balance of payments position deteriorated in 2012. External transactions resulted in an overall deficit of \$5.4m (0.3 per cent of GDP), in contrast to a surplus of \$5.4m (0.3 per cent of GDP) in 2011, largely as a result of higher net outflows on the current account. The current account deficit widened to \$578.9m (27.2 per cent of GDP) from \$552.1m (26.2 per cent of GDP) in 2011, as a direct consequence of a broader trade deficit.

The merchandise trade deficit increased to \$710.9m (33.3 per cent of GDP) from \$705.4m (33.5 per cent of GDP) in 2011, attributable mainly to a larger import bill. Payments for merchandise imports (f.o.b) rose by 2.3 per cent to \$802.0m; while the value of merchandise exports expanded by 15.8 per cent to \$91.1m, influenced by 7.7 per cent growth in agricultural exports.

Transactions on the services account resulted in a net inflow of \$151.2m, roughly 4.4 per cent below the 2011 outturn. On the income account, net outflows rose by 20.4 per cent, led primarily higher interest obligations paid by government.

In 2012, the surplus on the capital and financial account declined by 7.2 per cent to \$523.1m, influenced by lower inflows of capital grants and foreign direct investments. As a percentage of GDP, the surplus fell to 28.5 per cent from 31.2 per cent in 2011.



Prospects

Prospects for a rebound in the Grenada economy in 2013 are reasonably good, on the basis of stronger performances in most sectors of the economy. The recovery is however



expected to be gradual. Public sector investment projects such as the Phase II of the Feeder Road Project, which in turn augurs well for construction and wholesale and retail activities, are expected to lead the way in terms of growth prospects. In addition, at least one statutory body and some private sector entities have signalled their commitments to commence construction activities during the course of this year. These commitments include the construction of a new building by the National Insurance Scheme (NIS) in the capital city St. George's and continued rehabilitation and expansion works on the recently acquired Sandals La Source Resort. Agricultural output is forecast to increase, albeit at a slower rate relative to that of 2012, as crop outputs continue to rise. With the opening of the Sandals branded La Source Resort, combined with a slow return to positive growth particularly in Europe, tourism activity is likely to record a slight uptick in 2013.

At the baseline level, the overall deficit of the central government is projected to widen, as growth in expenditure, driven in part by higher capital spending, is likely to outpace that of revenue. Current savings are forecasted to decline, due to an expected

expansion in current spending, on account of programmed salary increases to civil servants and teachers as well as increased outlays for interest payments. The authorities have announced plans to restructure its US\$193 million 2025 bond which could provide some reprieve in interest payments.

In the external sector, the merchandise trade deficit is likely to increase, based on higher import payments to support the projected improvement in economic activity. Net inflows from travel are expected to rise consistent with an increase in visitor arrivals. The surplus on the capital and financial account is projected to decline, based on expectations for higher inflows of capital transfers, foreign direct investment and public sector loans to finance domestic economic activity.

The risks to the forecast are heavily skewed to the downside. Even as the industrialised economies show signs of recovery, the recovery is still tenuous and the likely impact on the Grenadian economy would be marginal at best. Moreover, recent developments in the US economy, which are expected to constrain growth in that country, can have negative spill over effects on the economy of



Grenada, since the USA is its largest trading partner. Additionally, adverse weather in

2013 can further dampen economic activity.



MONTSERRAT

Overview

Preliminary data indicate that real output in Montserrat contracted by an estimated 0.2 per cent in 2012 following an expansion of 1.8 per cent in 2011. This performance was the result of declines in the transport, storage and communications; construction; hotels and restaurants; manufacturing; and mining and quarrying sectors. The general price level rose by 3.6 per cent on an end of period basis. The fiscal position of the central government deteriorated largely on account of higher current expenditure. The total outstanding public sector debt, as a ratio of GDP, declined. In the banking system, total monetary liabilities, net foreign assets and credit increased while commercial bank liquidity declined but remained high. The weighted average interest rate spread between loans and deposits narrowed. The surplus on the balance of payments declined on account of the widening of the external current account deficit.

The economy is expected to pick up in 2013 driven by recovery in construction, services, and manufacturing sectors. Fiscal performance will be largely influenced by the

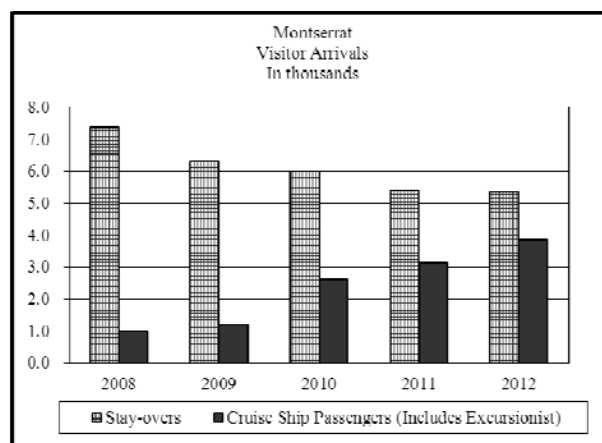
quantum and timeliness of budgetary aid. This, in turn, is contingent on the implementation of reforms tied to this aid and the rate of utilization of disbursed donor funds. Downside risks to this outlook include weak domestic and external demand, slow implementation of government reforms, policy shifts in the United Kingdom, adverse weather and significant volcanic activity.

Output

Weak domestic and external demand affected the pace of economic activity. Real GDP contracted by an estimated 0.2 per cent, following a rate of growth of 1.8 per cent in 2011. Value added by the construction sector fell by 11.9 per cent, attributable to a decline in private sector activity and, to a lesser extent, the completion of a few major public sector projects such as new ministerial offices. The level of activity in the transport, storage and communications sector was affected by the performance of the construction sector and a 21.1 per cent reduction in cargo throughput. Consequently, value added by the sector contracted by 4.1 per cent. Other sectors which recorded declines included electricity



and water (2.0 per cent) due to lower consumption levels; hotels and restaurants (1.9 per cent); manufacturing (10.0 per cent); and mining and quarrying (34.2 per cent), which is allied to the construction sector.



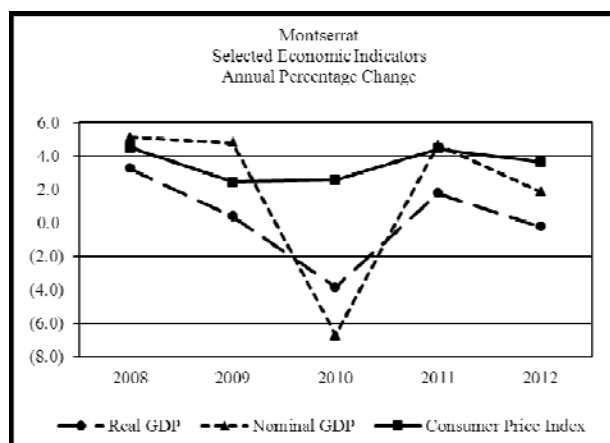
Value added in the hotel and restaurant sector contracted, partly due to a lower number of guests in paid accommodation. However, the number of visitors is estimated to have increased by 1.2 per cent to 10,598. The increase was solely on the strength of an almost doubling of the number of excursionists, which totalled 3,031. All other segments were gauged to have declined. Stay-over visitor arrivals fell by 0.7 per cent, compared with a decline of 9.8 per cent in the previous year. There were decreases in the number of stay-over visitors from the United States (13.4 per cent), other countries which are not classified as main source markets (11.8

per cent) and the United Kingdom (1.1 per cent) respectively. Those declines were moderated by increases in the numbers stay-over visitors from the Caribbean, the largest single source market, and Canada, by 6.1 per cent and 33.1 per cent, respectively. The number of visitors who arrived by yacht declined by 30.3 per cent in contrast to a 98.0 per cent increase in 2011. Although the number of cruise ships calls increased to five compared with three in the prior year, they brought fewer passengers. Cruise ship passenger arrivals totalled 840 in 2012 compared with 1,114 in 2011.

The overall contraction in economic activity was moderated by growth in other sectors. Financial intermediation, which represented 10.5 per cent of the economy, increased by 6.7 per cent in line with the growth in lending to the private sector. The wholesale and retail trade is estimated to have increased by 2.6 per cent, predicated on higher import levels. Public Administration, Defence and Social Security, jointly contributing over one-third of the economy, increased by 1.0 per cent which mainly reflected increased expenditures on pensions. The rate of growth in Real Estate, Renting and Business Activities sector, which constituted 13.5 per cent of total output, was



0.7 per cent. Output of the agricultural and fishing sectors, which contributed 1.1 per cent to total domestic production, rose by 28.1 per cent and 12.2 per cent, respectively.



Prices, Wages and Employment

Consumer prices rose by 3.6 per cent on an end of period basis. This was lower than the 4.4 per cent inflation rate recorded in 2011. All sub-indices registered increases with the exception of the rent sub-index which remained unchanged. The food sub-index, which has the largest weight in the CPI basket, increased by 2.1 per cent. The increases in the other sub-indices were for clothing (4.9 per cent), services (5.8 per cent), household goods (7.8 per cent), alcohol and tobacco (4.9 per cent) and gas, electricity and water (5.4 per cent).

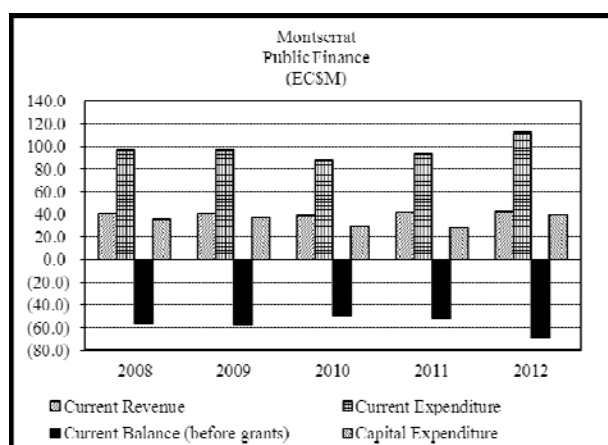
Central Government's Fiscal Operations

The fiscal accounts of the central government deteriorated in 2012 relative to 2011, influenced primarily by an increase in recurrent expenditure. The overall balance (after grants) recorded a deficit of \$11.9m (7.3 per cent of GDP) compared with a surplus of \$13.2m (8.4 per cent of GDP) in the preceding year. Likewise, the primary deficit (after grants) also moved to a deficit position of \$11.9m (7.3 per cent of GDP) from a surplus \$13.2m in 2011. The government did not meet its primary surplus target of 0.43 per cent of GDP. The balance recorded on the current account (after grants) was also a deficit, amounting to \$14.6m (9.0 per cent of GDP) compared to a surplus of \$24.3m (15.4 per cent of GDP) in 2011.

Current expenditure increased by 19.9 per cent to \$111.7m, which was above the historical average of under \$100.0m. This was primarily due to the payment of \$17.7m in contribution arrears and associated charges owed to the Social Security Fund. As a result, outlays on transfers and subsidies rose by 54.3 per cent to \$47.3m. Spending on goods and services increased by 11.9 per cent to \$22.1m.



Outlays on personal emoluments declined by a marginal 0.9 per cent to \$42.3m as vacancies for which budgetary provisions were made were not filled. Interest payments also declined marginally, amounting to \$0.03m compared to \$0.04 in the previous year. A higher level of inflows of capital grants, totaling \$42.3m compared with \$16.7m in 2011, allowed the government to increase capital expenditure by 42.4 per cent to \$39.6m.



Current revenue increased by 2.9 per cent to \$42.4m, as the performance of taxes on international trade and transactions and non-tax revenue compensated for the decrease in revenue derived from income and profits. Total tax revenue increased slightly by 1.4 per cent to \$37.1m, driven by an 18.8 per cent (\$17.3m) rise in receipts from taxes on international trade. In particular, the

consumption tax and the import duties realized increases in yield of 50.8 per cent (\$3.3m) and 33.6 per cent (\$1.4m), respectively. The abolition of the Customs Service Charge in June 2012 resulted in a 64.8 per cent reduction in the amount collected to \$1.3m compared with \$3.6m in 2011. Revenue from personal income taxes fell by 11.5 per cent to \$12.2m, largely the result of the revision of the marginal tax rates that took effect on January 1, 2012. The intake from the corporate income tax declined by 9.0 per cent to \$2.8m. Non-tax revenue increased by 15.1 per cent to \$5.3m on account of above average intake from fees, fines and permits.

Total grant receipts increased by 4.4 per cent to \$97.0m. Capital grants more than doubled to \$42.3m while current grants fell by 28.2 per cent to \$54.8m. These inflows funded 64.1 per cent of total government expenditure, leaving a financing requirement of \$11.9m. The gap was financed by a build-up of arrears.

Public Sector Debt

The total outstanding debt of the public sector at the end of 2012 was \$7.4m, which is equivalent to 4.5 per cent of GDP, compared with a debt level of \$8.0m (5.1 per cent of



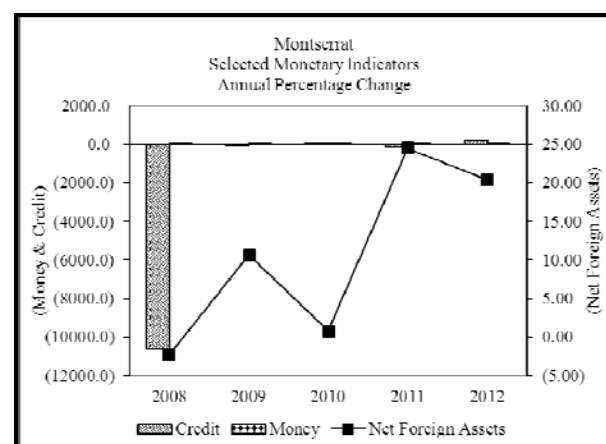
GDP) at the end of 2011. The debt to GDP ratio recorded in 2012 is the same as the target set by government. The domestic portion of the debt amounted to \$0.1m and was held by the central government. The total external debt, all of which have been contracted with the Caribbean Development Bank (CDB), stood at \$7.3m of which central government held \$1.7m and public corporations \$5.6m.

Money and Credit

Monetary liabilities (M2) increased by 14.7 per cent to \$220.8m during 2012 compared with a rate of growth of 12.9 per cent in 2011. Narrow money (M1) rose by 15.1 per cent (\$6.2m). In particular, cash balances held by the public and the banks increased by 18.8 per cent (\$4.1m). Quasi money grew by 14.6 per cent (\$22.1m). Within this category, private sector savings deposits increased by 14.5 per cent (\$18.8m), private sector time deposits by 20.5 per cent (\$2.7m) and private sector foreign currency deposits by 7.1 per cent (\$0.6m).

Commercial banks were in a net deposit position at the end of 2012, as net deposits more than tripled to \$17.0m. The net deposit of government increased by 17.8 cent to

\$64.3m, augmented with grant inflows, an increase of 4.4 per cent over the figure for 2011. Consequently, there was less reliance on commercial bank borrowing, with credit to the government falling by 39.5 per cent albeit from a small base of \$0.2m during 2011. The deposit balances of non-financial public enterprises and the national insurance scheme grew by 47.9 per cent to \$27.9m. Credit to the business sector declined by 5.6 per cent to \$9.9m while household's indebtedness to the banks increased by 12.7 per cent to \$65.3m.



At the sectoral level, personal loans, which made up 81.9 per cent of the total loans and advances portfolio, increased by 13.2 per cent to \$63.2m. At the disaggregated level, loans for home construction and renovation accounted for 60.3 per cent of personal loans and increased by 16.1 per cent (\$5.3m). Other



personal loans increased by 20.9 per cent (\$2.7m). Lending for house and land purchases and durable consumer goods fell by 6.1 per cent (\$0.6m) and 12.2 per cent (\$0.1m), respectively.

The volume of credit to other sectors was relatively small, adding up to approximately \$14.0m. Credit to the construction and manufacturing sectors increased by 10.6 per cent (\$0.4m) and 16.9 per cent (\$0.1m), respectively. There were declines in credit for tourism (2.2 per cent), distributive trades (11.6 per cent), other services (22.7 per cent) and agriculture and fisheries (100.0 per cent).

The net foreign assets of the banking system grew by 20.3 per cent to \$276.2m. This reflected an increase in commercial bank net assets by 18.3 per cent to \$192.2m due to growth in assets with institutions outside the currency union. The imputed reserves with the Central Bank also increased to \$83.9m from \$67.0m at the end of the previous year.

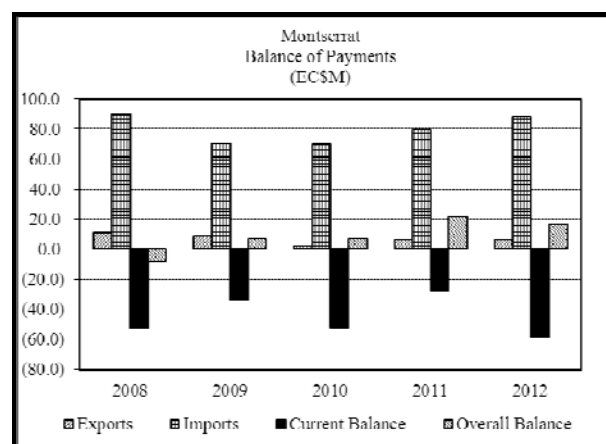
Liquidity in the banking system declined but remained at a high level. The ratio of liquid assets to total deposits plus liquid liabilities dropped to 85.0 per cent at the end of 2012 from 87.6 per cent in 2011. The ratio of loans

and advances to total deposits decreased by 1.0 percentage points to 24.1 per cent.

The spread between the weighted average interest rate on loans and deposits narrowed to 5.8 per cent at the end of 2012 from 6.3 per cent at the end of December 2011. The weighted average lending rate declined to 8.0 per cent from 8.5 per cent, and the weighted average deposit rate remained the same at 2.2 per cent.

Balance of Payments

The overall surplus on the balance of payments narrowed to \$16.9m (10.4 per cent of GDP) from \$21.6m (13.7 per cent) in 2011. The narrowing of the surplus mainly reflected an increase in the current account deficit.



The current account deficit widened to \$58.6m



(35.9 per cent of GDP) from \$28.1m (17.8 per cent of GDP) in 2011 on account of developments in merchandise trade accounts. The deficit in the trade of goods was estimated at \$81.6m (50.1 per cent of GDP) which was \$8.8m more than the deficit recorded for 2011. Imports increased by 10.5 per cent to \$87.8m while exports declined by 5.7 per cent to \$6.2m. With respect to services, the deficit balance increased slightly, moving to \$17.8m from \$16.1m. Travel receipts, which accounted for more than 40.0 per cent of the inflows on the services sub-account, fell by 1.8 per cent to \$13.8m.

The surplus on the capital and financial account grew to \$75.5m (46.3 per cent of GDP) compared to \$49.7m (31.6 per cent of GDP) in 2011, as there were increased inflows of capital grants.

Prospects

In 2013 a broad-based recovery in economic activity is forecasted, with public spending impacting positively on all sectors. Major public sector projects include the construction of a new hospital and seaport and geothermal exploration. The level of economic activity will also be boosted with the establishment of

a new cigarette-assembling plant which is expected to employ over 20 persons although its contribution to value-added will be moderated with the importation of the raw material, tobacco. Another new initiative that may get off the ground in 2013 is a medical school which has applied for a license to operate.

The Government's fiscal policy stance is for a balanced budget. However, the attainment of this goal is dependent on the receipt of additional financial resources from DFID to meet the projected deficit and reduce the arrears on expenditure commitments. Tax revenue for fiscal year 2013/2014 is conservatively projected to be at the same level as the intake for fiscal year 2012/2013. Recurrent expenditures are expected to increase on the basis of the establishment of an energy unit in the Ministry of Communications and Works, recurrent costs associated with infrastructural projects and the absorption into the recurrent budget of training expenditures that were formerly classified under the capital budget.

Disbursements of grants for the financing of expenditures in 2013/2014 will depend on the budget priorities and policy targets of the



Government of the United Kingdom. It will also depend on the extent to which the Government of Montserrat can absorb grant funding already made available for capital projects. Requests for disbursements of pledged funds will be released when satisfactory progress is made in the utilization of previously disbursed funds. At the end of the first ten months of the fiscal year 2012/2013, spending was 58.0 per cent of the

total capital budget.

Downside risks to growth include weak external demand for tourism services, slow implementation of reforms that will delay the disbursement of grant resources, budgetary pressures in the United Kingdom which would work against the request for additional support from DFID and natural disasters which would undermine production.



ST KITTS AND NEVIS

Overview

Preliminary data suggest that economic activity in St Kitts and Nevis declined in 2012 following a contraction in 2011. Real GDP is estimated to have fallen by 0.9 per cent in 2012 compared with a decline of 1.8 per cent in the previous year. This decline resulted from continued contractions in value added by the construction and wholesale and retail sectors and a decline in output of the agriculture, livestock and forestry sector. Consumer prices increased by 0.2 per cent, on an end of period basis. The fiscal operations of the Federal Government resulted in an overall surplus, as expenditure outlays, both recurrent and capital, fell more than revenues collected. 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 narrowed. In the external sector, a smaller overall surplus was recorded on account of a narrowing of the financial account surplus.

Economic activity however is expected to improve in 2013, based on the assumption of growth in the value added by the construction sector and an improved performance by the activity in the tourism industry. Expectations of positive growth in the construction sector are premised on increases in both public and private sector capital activity. Public sector construction activity will be driven mainly by an upgrading of the road infrastructure in St Kitts while in the private sector, work on major developments such as the Tamarind Cove Development, Kittitian Hill and the construction of a new private Jet Port terminal at the Robert Llewellyn Bradshaw International Airport will continue. Projections of positive value added in the tourism industry, are contingent on a continued improvement in stay over visitor arrivals from the United States and Canada, which may be tempered by an anticipated decline in activity in the cruise sector due to lower numbers of cruise ship bookings for 2013 winter season. The return to positive growth in 2013 is also predicated on positive developments in the manufacturing and agricultural sectors. The agricultural sector is expected to recover from loss output

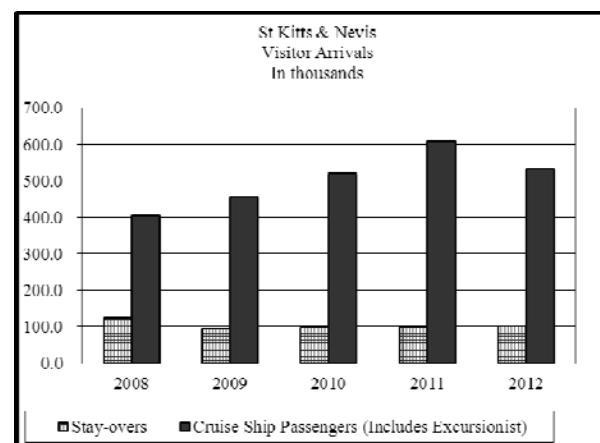


associated with heavy rains in 2011. The fiscal operations of the Federal Government are projected to improve due to continued strong performance of the citizenship by investment program. In addition, the implementation of a medium term debt strategy, which is expected to accompany the 2013 Budget, as stipulated under the IMF Stand-By Arrangement (SBA), should contribute to a strengthening of fiscal operations. Inflationary pressures are expected to be minimal on account of international markets having already priced in the turmoil and tension in the Middle East and expectations of weak global demand. Risks to this outlook stem from further delay of the domestic debt restructuring initiatives by the Federal Government leading to deterioration in consumer and business sentiment.

Output

Value added in the construction sector, is estimated to have declined by 5.9 per cent in 2012 compared with a 4.4 per cent contraction in 2011. The continued decline in the sector was attributed to reduced public sector outlays and weak private sector construction activity. Consistent with this assessment was a decline in the importation of construction related

materials, a proxy for developments in the sector. In the public sector, capital outlays declined by 14.1 per cent over the review period, on account of a decline in outlays by the local government following strong 2011 capital spending. Public sector construction activity was limited to disaster mitigation works in St Kitts and a water enhancement project in Nevis. In the private sector, works on several large tourism related projects namely, the Kittitian Hill and the Tamarind Cove have been on-going, albeit at a slow pace. At Kittitian Hill, 84 cottages and 10 villas are at an advanced stage of competition, while significant activity on several condominiums of the Tamarind Cove development has been undertaken. Other notable private sector projects included the Jetport facility and the Silver Reef villa and condo ventures.



Value added in the wholesale and retail sector is also estimated to have declined in 2012, on account of lower imports of consumer goods. Notwithstanding that development, the pace of contraction in the sector's value added slowed to 6.3 per cent in 2012, compared with a 12.5 per cent decline in 2011. Another contributing factor to the overall contraction in economic activity was the decline in the value added contribution of the transport, storage and communications sector, which is the third largest contributor to GDP. Value added by this sector is estimated to have declined by 1.6 per cent in 2012, in contrast to positive growth of 2.8 per cent in 2011. The main drivers of that decline was the performance of the road, sea and air transport sub components, which in turn are linked to the performance of the cruise sector and value of imports.

Output of the agriculture, livestock and forestry sector fell by 10.5 per cent, on account of the impact associated with unfavourable weather in the fourth quarter of 2011, which led to delayed planting of major crops in 2012. Total crop production fell by 3.4 per cent due to lower production of tomatoes (21.6 per cent) and sweet potato (15.5 per cent). Output declines were

recorded in all livestock components which reflected the effect of the lack of proper refrigeration storage during the year. Value added in the fishing sector also declined falling by 14.3 per cent, consistent with the presence of predatory lion fish and unfavourable weather during peak seasons.

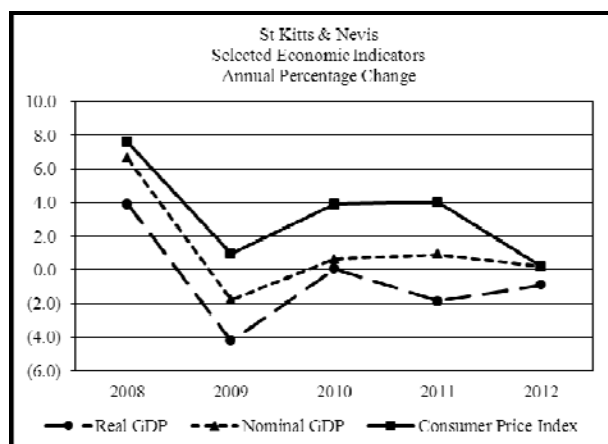
The declines in the aforementioned sectors were tempered by positive developments in the tourism, manufacturing and real estate, renting and business services.

Value added in the hotels and restaurant sector, a proxy measure of tourism activity, is estimated to have increased by less than 1.0 per cent following a similar performance in 2011, as the positive impact of an increase in stay-over visitor arrivals was partially mitigated by the lower numbers of cruise ship passengers. Stay-over visitor arrivals increased by 0.9 per cent in 2012 compared with a 3.4 per cent increase in 2011, while the number of cruise ship passengers fell by 12.7 per cent to 528,764. The increase in the number of stay-over visitors was attributed to positive growth from the United States (2.0 per cent) and Canadian (11.9 per cent) markets. The improved performance was partly influenced increased airlift from both destinations. Stay over visitors arrivals from



the European and the Caribbean markets fell by 0.7 per cent and 8.1 per cent respectively. The decline in visitor arrivals from the Caribbean was consistent with weak economic conditions in the regional market and the high cost of intraregional travel.

Activity in the real estate, renting and business services sector is estimated to have recovered in the review period, as its value added increased by 0.7 per cent in contrast to a contraction of 2.9 per cent in 2011. This sector is the largest contributor to GDP and its improvement is mainly driven by the increase in stay over arrivals, which led to growth in rental of vehicles and other equipment.



Value added in the manufacturing sector is estimated to have increased by 8.2 per cent in 2012, as several local manufacturers of electrical and telecommunications apparatuses

benefited from a deliberate policy which involves the transfer of work processes from their parent companies to St Kitts and Nevis.

Prices, Wages and Employment

Inflation pressures increased during 2012 but at a reduced rate relative to developments in 2011, as the consumer price index (CPI) rose by 0.2 per cent compared with an increase of 2.8 per cent in 2011. The largest contributing factors to this acceleration were the increases in the education (10.5 per cent), alcoholic beverages, tobacco and narcotics (2.5 per cent) and miscellaneous (0.7 per cent) sub-indices. The increase in room and board fees at regional educational institutions contributed to the movement in the education sub index. The outturn on the alcoholic sub index can be attributed to higher cost of beers and spirits. The major sub-indices which mitigated the rise in inflation pressures were: transport; hotels and restaurants; as well as the health sub-category.

While official data on wages and unemployment levels are unavailable for the review period, the public sector fiscal consolidation efforts, which included wage and hiring freezes as well as attrition through

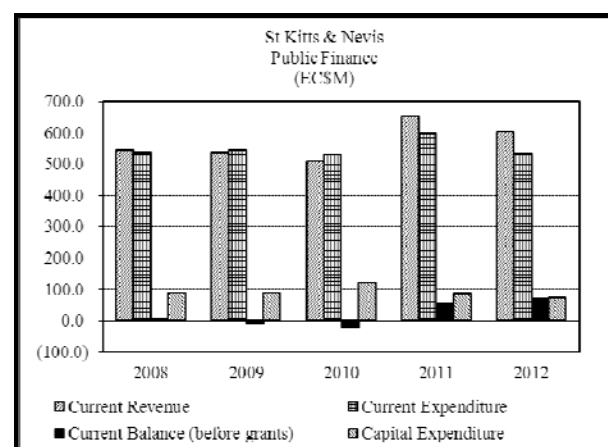


the age 55 retirement mandate, could have contributed to a marginal decline in public sector workers. Meanwhile, in the private sector information available suggest that both employment and wages would have fallen.

Federal Government Fiscal Operations

The fiscal operations of the central government resulted in an improved fiscal position in 2012 relative to the outturn in 2011. This development is consistent with a number of policy initiatives aimed at achieving fiscal consolidation, under a “home grown” IMF Stand By Arrangement (SBA) entered into in July 2011. The fiscal operations of the Federal Government resulted in an overall surplus of \$146.0m in 2012, compared with a surplus of \$49.0m in 2011. This improvement in the overall balance was influenced by positive developments on both the current and capital accounts. Additionally a higher current account surplus of \$70.4m was recorded in 2012 compared with \$50.1m in 2011, with the magnitude of the contraction in expenditure outlays exceeding the reduction in revenues. A primary surplus of \$262.0m was recorded (12.6 per cent of GDP), compared with \$174.8m (8.6 per cent of GDP) in 2011.

Current expenditure fell by 10.5 per cent to \$532.3m in 2012 in contrast to an increase of 12.2 per cent in 2011. This development reflected lower outlays on goods and services (27.5 per cent), interest payments (7.7 per cent) and personal emoluments (4.8 per cent). The reduction in spending on goods and services was the result of the government ceasing to purchase fuel and supplies for the previously government managed St Kitts Electricity Department. The success of the government’s debt restructuring initiatives policy and the full payment of overdraft facilities used by central government during 2012 contributed to the lower interest payments. There was however an increase in transfers and subsidies outlays, reflecting increased pension payments following a policy of attrition in the public service and higher outlays to regional institutions to settle arrears.



Current revenue fell by 7.3 per cent to \$602.7m in 2012, due primarily to lower non-tax revenue collections of 18.6 per cent (\$45.1m) as well as a fall in tax revenues. Tax revenues fell by 0.5 per cent (\$2.2m) to \$405.8 reflecting lower yields from all its sub-components except for the collections of taxes on property. Revenue intake from taxes on domestic good and services, which includes Value Added Taxes (VAT), and is the largest revenue sub-component, fell by 1.2 per cent (\$2.5m). The decline was attributed to reduced collections of the VAT which totalled \$145.4m representing 24.1 per cent of all current revenue in 2012, compared with collections of \$150.2 in 2011. This VAT outturn was consistent with the estimated contraction in the economy, as VAT compliance filings remained steady and above 90.0 per cent. An increase (12.4 per cent) in stamp duty receipts attributed to sale of a large parcel of land in Nevis, mitigated the impact of decline in VAT revenues on this category. Tax revenue collection also declined due to lower yields from taxes on income and profits, which fell by 3.9 per cent, as a result of lower receipts of withholding tax. In addition, the revenue intake from taxes on international trade fell by 0.4 per cent to \$103.9m on account of a marginal fall in import duty

collections, which are the largest component of international trade taxes. By contrast collection of taxes on property, increased by 46.6 per cent (\$4.1m) reflecting partly the success of the public awareness and compliance drive undertaken by the Inland Revenue Department (IRD) in 2012. Non-tax revenue fell by 18.6 per cent (\$45.1m) due to the impact of the corporatization of the St Kitts Electricity Department which lowered collections by \$48.8m and lower interest, dividend and currency profits (\$10.8m) which were larger in 2011.

On the capital account, expenditure fell by 14.1 per cent to \$72.3m in 2012 relative to the outturn in 2011, when capital expenditure was boosted by the road works and community centres in Nevis. Fiscal consolidation efforts also contributed to limiting outlays on capital expenditure.

On a disaggregated basis the fiscal operations of the central government (St Kitts) improved, as evidenced by a larger overall surplus position of \$151.2m in 2012, compared with one of \$78.1m in 2011. This improvement was driven largely by the receipt of debt forgiveness and an improved current account position. The current account surplus



amounted to \$69.6m in 2012, compared with a surplus of \$45.8m in 2011, as expenditures declined more than revenue. Current expenditures declined by 13.9 per cent to \$417.1m due to reduced outlays on personal emoluments (6.8 per cent), goods and services (34.0 per cent) and interest payments (7.6 per cent). These declines were tempered by increased transfers and subsidies (6.7 per cent). Current revenues fell by 8.2 per cent (\$43.7m) to \$486.7m due to lower non-tax revenues. Non-tax revenues fell by 21.2 per cent to \$168.3m, attributed to the impact of the corporatization of the Electricity Department and reduced income from interest, dividend and currency profits. Tax revenues however increased by 0.5 per cent to \$318.4m in 2012 on account of increased collections of property taxes (\$4.1m) and taxes in international trade (\$3.1m) while VAT collections totalled \$114.1m, 0.9 per cent lower than amount collected in 2011.

The fiscal operations of the Nevis Island Administration (NIA) improved in 2012, as the overall recorded deficit of \$5.2m was 82.1 per cent lower than the \$29.0m deficit of 2011. The lower deficit was as a result of lower capital spending and a higher amount of grant funds in 2012. The current account

balance deteriorated to a surplus of \$0.8m, from one of \$9.2m in 2011, as expenditure growth outpaced that of revenue. Current expenditures grew by 4.4 per cent, due to increases in spending on goods and services (17.4 per cent) and on transfers and subsidies (18.5 per cent). Higher outlays on goods and services reflected payments of both outstanding and current amounts due on supplies and materials and airlift support. Current revenues fell by 3.6 per cent to \$116.0m, compared with a 26.0 per cent increase in 2011. That development was due to declines in all subcomponents, most notable of which was taxes on international trade which fell by 15.4 per cent. Capital expenditure fell by 53.8 per cent (\$20.6m), with spending concentrated on renovation work to sporting facilities and a water enhancement project.

Public Sector Debt

The total disbursed outstanding debt of the public sector fell by 6.5 per cent to \$2,692.5m in 2012 representing a debt to GDP ratio of 133.2 per cent compared with a ratio of 142.6 per cent in 2011. The outstanding debt of the central government, which accounted for 80.5 per cent of public sector debt, fell by 6.7 per



cent to \$2,168.6m, while that of public sector corporations fell by 5.6 per cent to \$523.9m. External debt, which accounted for 31.3 per cent of public sector debt, fell by 10.0 per cent to \$844.1m. The total outstanding debt of public sector corporations fell by 5.7 per cent to \$523.9m. The decrease in the overall debt position of the Federal Government is largely a result of non-accumulation of debt as per requirements of an IMF SBA program and the impact of a successful writing off of \$117.9m of debt associated with the conclusion of an exchange offer during 2012. Further restructuring on bilateral and domestic debt is also anticipated in 2013 and should contribute to lower levels of debt.

Money and Credit

Monetary liabilities (M2) grew by 7.0 per cent to \$2,251.0m, compared with growth of 10.1 per cent in 2011. This expansion in M2 was driven by growth in both the narrow money supply (M1) and quasi money of 10.5 per cent and 6.0 per cent, respectively. The outturn in M1 largely reflected increased levels of private sector demand deposits, which rose by 10.9 per cent to \$408.5m, partially associated with inflows of contributions to the Sugar Industry Diversification Fund (SIDF). The

other main sub component, currency with the public, grew by 5.5 per cent during 2012, compared with a 0.9 per cent increase in 2011. Positive growth in the levels of private sector savings (10.0 per cent) and private sector foreign deposits (1.9 per cent) contributed to the outturn in quasi money.

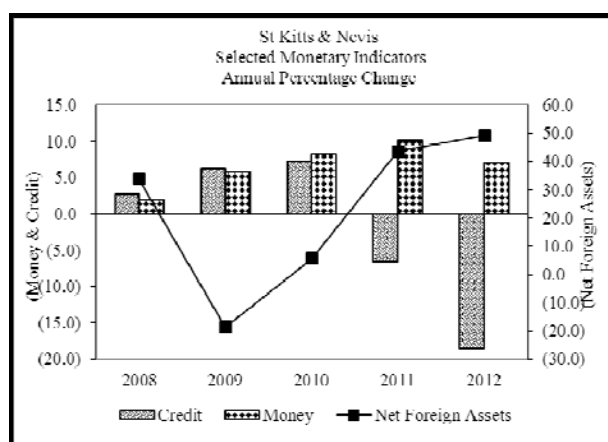
Domestic credit contracted by 18.6 per cent in 2012 to \$1,394.3m, compared with a decline of 6.6 per cent in 2011. The decline in 2012 was influenced by a 36.8 per cent fall in the net credit position of the Federal government as a result of the combined effects of a 10.7 per cent (\$109.6m) fall in credit extended and a 51.9 per cent (\$157.3m) increase in its deposits in the banking system. This increase in deposits reflected growth of \$103.4m deposits at commercial banks and a higher level of deposits at the central bank (\$50.9m). This development is consistent with the receipt of EU grant funding and the receipt of IMF SBA tranche disbursements. The decline in credit extended to the Federal Government was consistent with policy efforts aimed at improving fiscal performances, with the ultimate goals of restricting further debt accumulation and placing it on a downward trajectory.



The net credit position of central government declined by 49.4 per cent on account of a fall in borrowing (10.4 per cent) and increased deposits (51.3 per cent), while the net credit position of local government with the banking system also fell (3.3 per cent) due to the combined effects of lower borrowings (1.8 per cent) and higher deposits (146.5 per cent).

Private sector credit increased by 0.2 per cent (\$2.2m) reflecting an increase in credit extended to businesses (1.5 per cent) and affiliated credit entities (7.1 per cent) which were tempered by lower household credit (0.9 per cent).

An analysis of the distribution of credit by economic activity showed that the decrease in lending was driven largely by reduced credit extended for distributive trades (18.6 per cent) and public administration (4.1 per cent).



These developments are consistent with

consecutive annual declines in economic growth which has led to lower demand for goods and consequently the need for investments in the distributive sector, while lower credit to the public sector is line with on-going fiscal restraint by the Federal government. Several components of credit for personal use, the second largest lending category, also recorded declines in credit extended including acquisition of property (1.5 per cent) and durable consumer goods purchases (15.0 per cent). The overall decline in credit was tempered by positive growth in lending to the construction (5.2 per cent) and manufacturing (17.8 per cent) sectors.

The net foreign assets of the banking system continued to accelerate growing by 49.1 per cent (\$452.3m) to \$1,373.1m in 2012, compared with 43.7 per cent growth in 2011. This increase was largely due to growth in commercial banks net foreign asset position which rose by \$402.4m to \$698.1m. This development was also supported by an 8.0 per cent (\$49.9m) increase in the imputed reserves of St Kitts and Nevis. The improved commercial bank net position reflected increased net asset positions with institutions in both ECCU and non-ECCU territories. Commercial bank balances assets with other

ECCB territories increased by 9.7 per cent (\$87.4m) while their liabilities with such territories fell by 19.6 per cent (\$149.0m) leading to the Federation having a net asset position with ECCB territories of \$31.1m relative to a liability position of \$174.7m in 2011. The net external position of commercial banks grew by 41.8 per cent (\$196.6m) on account of growth in external assets which outpaced that of liabilities.

Liquidity in the commercial banking system expanded in 2012. The ratio of liquid assets to total deposits rose by 1.7 percentage points to 70.6 per cent, while the ratio of liquid assets to total deposits plus liquid liabilities also increased by 3.4 percentage points to 58.7 per cent. Further supporting evidence included the decline in the ratio of loans and advances to total deposits by 7.1 percentage points to 65.9 per cent.

The weighted average interest rate spread between loans and deposits narrowed by 0.77 percentage points to 4.96 per cent in 2012 from 5.73 per cent in 2011. This outturn was the result of the weighted average interest rate on loans falling by 0.74 percentage points to 8.36 per cent, while that on deposits rose by 0.03 percentage points to 3.40 per cent.

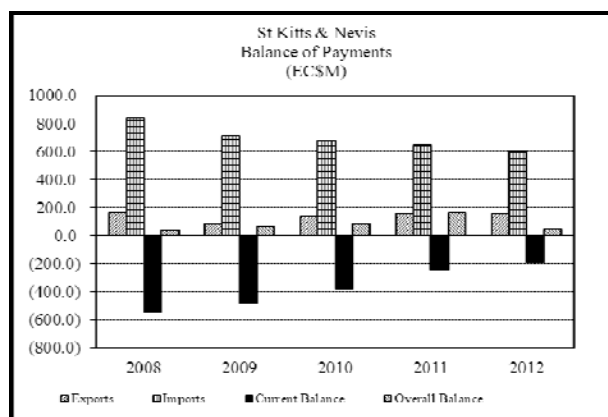
Balance of Payments

The overall surplus position on the balance of payments is estimated to have narrowed to \$49.7m (2.5 per cent of GDP) in 2012 compared with \$168.6m in 2011 (8.3 per cent of GDP) influenced largely by developments on the capital and financial account.

The current account recorded a deficit of \$191.1m (9.5 per cent of GDP) compared with one of \$238.2m (11.8 per cent of GDP) in 2011. The merchandise trade deficit narrowed to \$444.8m (22.0 per cent of GDP) on account of lower import payments. The surplus on the services account increased by 6.8 per cent to \$189.6m in 2012, due to increased inflows from travel services. That improvement was further reinforced by an 8.4 per cent increase in the net surplus of government services to \$102.0m.

The surplus on the capital and financial account declined by 59.2 per cent to \$240.8m in 2012, largely as a result of an almost fivefold increase to \$402.4m in net outflows of short term capital by commercial banks and a reduction in foreign direct investment inflows.





Prospects

Global economic growth is expected to remain tepid in 2013, though economic indicators from the USA, St Kitts and Nevis's largest trading partner, suggest modest growth albeit with significant headwinds. In light of this backdrop, economic activity in the Federation is expected to grow marginally in 2013, on account of developments in the construction sector and tourism industry. Value added from construction activity is expected to increase following five consecutive years of decline, due to new public and private sector developments. In the public sector, work on rehabilitating the road infrastructure in several parishes including the capital, Basseterre, the construction and rehabilitation of police stations and day care facilities is expected to provide some impetus to activity in the sector. Meanwhile in the private sector, continued

work on the Jet Port terminal at the Robert Llewellyn Bradshaw International Airport and the completion of 84 cottages and 10 villas at Kittitian Hill in addition to completing villas at the Tamarind Cove development in Nevis should contribute favourably to economic activity. Preparatory works on new tourism based projects such as the Koi Resort at Half Moon Bay also bode well for private sector construction. In the manufacturing sector, successful ratification of the Partial Scope Agreement with Brazil will lower tariff rates on St Kitts products into that market and thereby could facilitate an increase output from the sector. Improved prospects in the tourism industry are contingent on stay-over arrivals increasing. In this regard, positive spinoff effects are expected from the authorities' on-going negotiations with Air Canada to increase the length of its service into St Kitts. In the cruise sector however expectations point to a decline in passenger arrivals, on account of reduced cruise bookings and ship calls.

The fiscal operations of the Federal Government are expected to result in a marginal improvement in the overall surplus relative to that of 2012. The recent



restructuring of portions of the Federal Government's debt stock should help to lower debt service cost and thereby positively influence the overall balance. Additionally, IMF disbursements of \$28.8m will be received in 2013 should the Federation of St Kitts and Nevis pass upcoming reviews during the year. On a disaggregated basis the fiscal operations of the central government should lead to an improved overall balance position given expectations of lower interest payments and the receipt of grants funds associated with the Accompanying Measures for Sugar Protocol (AMSP) EU disbursements (\$36.2m) and grant inflows by the Sugar Industry Diversification Fund (SIDF). Efforts to contain expenditure growth via wage and hiring freezes are expected to continue in 2013. An overall balance ceiling, which serves as a performance criteria under the SBA, should also help to limit expenditure growth. The fiscal operations of the Nevis Island Administration are expected to result in an overall surplus in 2013, on account of the receipt of grant funding by the SIDF, reduced personal emoluments given pronouncements by the government to void numerous government positions and a continuing policy of restricting hiring and wage freezes.

On the external accounts, the current account deficit is projected to widen, based on expectations of a larger merchandise trade deficit, reflecting more importation, which is predicated on positive economic growth. A smaller surplus on the capital and financial accounts is expected following a sharp one off reduction in 2012. If negotiations to increase in airlift from Canada are successful and growth of the US economy continues, it should lead to more North American stay-over arrivals, and an increase in gross travel receipts.

Downside risks to these projections are based on a combination of global and domestic factors. Preliminary indicators of economic activity in the United States suggest that there was a contraction in the fourth quarter which speaks to the weakness of the US's economy and this is expected to continue into 2013. There is also the risk that a number of tourism and commercial projects slated for 2013 could fail to materialize leading to a contraction in construction and lower economic activity. In the event that this does take place, local businesses will continue their scaling down of operations, resulting in a rise in the number of layoffs and an erosion of the government tax base.



SAINT LUCIA

Overview

Provisional data show that the marginal gains that the Saint Lucian economy enjoyed over the last three years were eroded in 2012. Economic activity is estimated to have declined by 1.2 per cent following growth of 1.0 per cent recorded in the previous year. The contraction in real output was broad based, associated with declines in a number of the major economic sectors. The consumer price index rose by 5.0 per cent, on an end of period basis. The overall deficit on the fiscal accounts of the central government widened attributable to developments on the current account. The total disbursed outstanding debt of the public sector rose on account of an increase in central government's borrowings. Developments in the banking system were marked by growth in monetary liabilities and domestic credit. Commercial banks' liquidity remained tight, while the spread between their weighted average lending and deposit interest rates narrowed. The overall surplus on the balance of payments account increased in 2012.

Economic prospects for Saint Lucia in 2013,

though favourable, remain clouded by uncertainty. Real output is projected to increase marginally, as initiatives to drive growth are not likely to take root until the latter part of the year. The expected improvement in economic activity is partly based on anticipated positive performances in construction and its ancillary sectors, tourism, and a firm hold in the recovery in agriculture. Construction activity will be partially driven by the government's construction stimulus package, the completion of a financial centre and the renovation of hotel plants. Growth is likely to be supported by an increase in visitor arrivals and agricultural production, contingent on favourable weather and the successful control of the Black Sigatoka disease. A larger overall deficit is projected on the fiscal accounts, based mainly on developments on the current side. Inflationary pressures are likely to persist, due in part to higher prices for food and other commodities.

Output

Value added in the construction sector is estimated to have declined by 6.0 per cent in contrast to growth of 2.1 per cent in the prior



year. The sector's share of GDP fell marginally to 9.4 per cent from 9.9 per cent in 2011. The contraction in construction activity was influenced by a fall in investments in both public and private sectors, partly driven by lower inflows, associated with developments in the global economy. In the private sector, activity centred mainly on the Jalousie Plantation and The Landings resorts, supported by work on a number of residential properties. In the public sector, the slowdown in activity mirrored lower capital expenditure by the central government. However, work continued on post-Tomas road and infrastructural rehabilitation, the completion of the New National Hospital, St Jude's Hospital and a new financial complex. The overall decrease in construction activity was partly evidenced by a fall in imports of construction related materials and a decline of 8.8 per cent in commercial bank lending for construction.

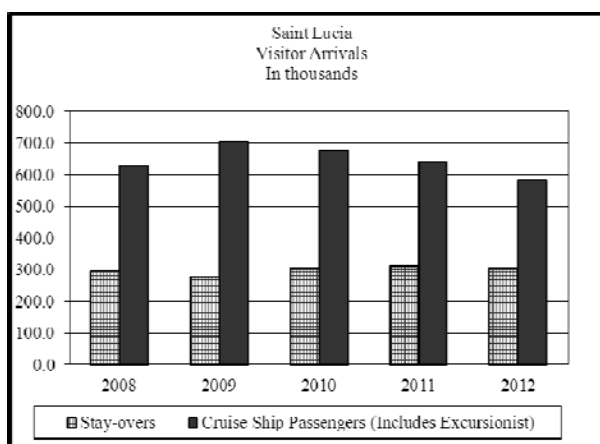
Value added in the hotels and restaurants sector, a proxy measure of activity in the tourism industry, is estimated to have decreased by 2.9 per cent in 2012, in contrast to an expansion of 2.4 per cent in the previous year. The sector's contribution to GDP fell marginally to 10.3 per cent from 10.5 per cent

in 2011. Partly indicative of this performance was a decline in activity in the restaurants sub-sector and a downturn in the hotel industry. Stay-over arrivals fell by 1.8 per cent to 306,801, mirroring a decline in arrivals from two major source markets. Stay-over arrivals from the USA, the largest market, were estimated to have fallen by 6.0 per cent, on account of reduced airlift capacity out of that market. The number of visitors from the Caribbean fell by 4.8 per cent, largely attributable to the elevated cost of intra-regional travel, coupled with reduced airlift by the major carrier.

These declines more than offset increases of 6.5 per cent, 1.8 per cent and 11.5 per cent in arrivals from Canada, Europe and Latin America, respectively. Growth in the Canadian market has been consistent over the last three years as that economy remained fairly resilient amidst adverse global developments and marketing efforts there were more targeted, resulting in increased airlift. Arrivals from the European market, the second largest, also increased, albeit at a slower pace than last year. Growth in that market was primarily driven by an increase of 3.6 per cent in arrivals from the UK, as its economic conditions improved. Of the other



categories of visitors, the number of cruise passengers continued its downward trajectory as it decreased by 9.3 per cent, to 571,894, following a decline of 5.9 per cent in 2011. This outturn was attributed in part to a 4.3 per cent fall in the number of cruise ship calls. The number of excursionist fell by 1.6 per cent, while yacht passenger arrivals increased by 1.1 per cent.

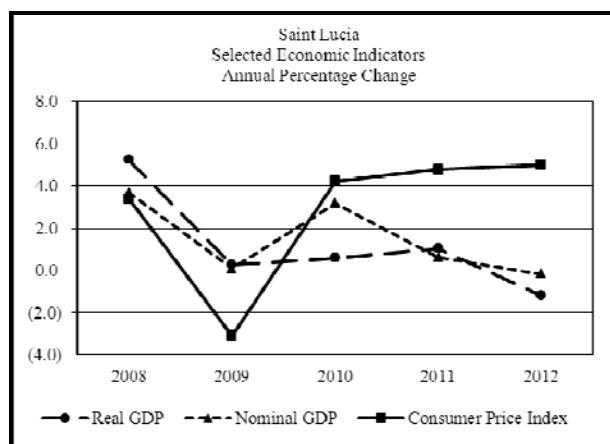


Activity in the manufacturing sector is estimated to have expanded by 3.0 per cent in 2012, following growth of 2.5 per cent in 2011. As a share of GDP, the sector's contribution increased to 5.6 per cent from 5.4 per cent, one year ago. The expansion in the sector's output is primarily attributable to an estimated increase in the value of total production, reflected through larger output of

food and beverages, electrical products, metal products, and furniture. By contrast, a decline was estimated in the output of corrugated paper and paper products.

In the agricultural sector, output is estimated to have rebounded following three consecutive years of contraction. Value added in agriculture increased by 24.2 per cent, in contrast to a decline of 8.1 per cent in 2011; hence contributing 3.1 per cent to GDP in 2012, from 2.5 per cent in the prior year. The outturn in 2012 was primarily associated with a 27.7 per cent increase in crop production, influenced largely by a recovery in the banana industry, following devastation by hurricane Tomas and the negative impact of the Black Sigatoka disease. Banana production almost doubled to 12,124 tonnes, in contrast to a 69.8 per cent fall recorded in 2011. Growth in the output of bananas was supported by an increase of 6.0 per cent in the production of livestock and marginal increases in the output of fish and other crops. The overall improvement in the agricultural sector can be attributed to several initiatives, including investments in livestock, aquaculture and mariculture, undertaken by the Ministry of Agriculture to boost activity in that sector.





Prices, Wages and Employment

The consumer price index (CPI) grew by 5.0 per cent during 2012, on an end of period basis, compared with 4.8 per cent during 2011. The slightly higher rate of inflation was associated with growth in prices of most of the major sub-indices. Prices in the food and non-alcoholic beverages sub-index, the largest weighted in the basket of goods and services, rose by 10.4 per cent compared with growth of 5.7 per cent during the prior year. Prices also increased in the sub-indices for alcoholic beverages, tobacco and narcotics (16.0 per cent), clothing and footwear (14.5 per cent), household furnishings, supplies and maintenance (8.2 per cent), communication (5.0 per cent), hotels and restaurants (4.2 per cent), health (4.1 per cent) and transport (3.3 per cent). Those increases more than offset marginal declines in the sub-indices for

recreation and culture (3.4 per cent), housing, utilities, gas and fuels (1.2 per cent) and education (0.8 per cent).

Official data on wage movements and employment in the private sector were not available. However, according to anecdotal evidence, employment in a number of sectors, including construction and tourism, is estimated to have declined in line with the contraction in economic activity. The rate of unemployment was estimated at about 24.0 per cent. Equally noteworthy is the impasse between the government negotiating team and the public sector unions regarding salary negotiations for the 2010/13 triennium, which are likely to result in a minimum wage increase of 4.0 per cent for the said period. Notwithstanding, the number of public sector employees increased by about 3.0 per cent over last year, as government employed additional staff in a few areas including teaching and health services.

Central Government Fiscal Operations

The central government's fiscal operations resulted in an overall deficit of \$229.6m (7.2 per cent of GDP), way above one of \$161.8m (4.9 per cent of GDP) recorded in 2011. The

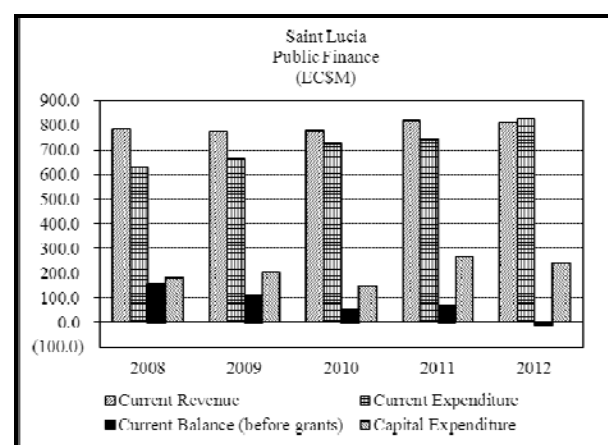


widening of the deficit was attributed to deterioration on the current account, which yielded a deficit for the first time in the last five years. A primary deficit of \$106.9m (3.3 per cent of GDP) was realised, compared with one of \$61.6m (1.9 per cent of GDP) in 2011. As a percentage of GDP, the primary deficit was 2.9 percentage points smaller than the authorities' target of 6.2 per cent.

The current account recorded a deficit of \$12.1m, in contrast to a surplus of \$71.3m at the end of 2011. This outturn stemmed from a combination of an increase in current expenditure and a decline in current revenue. Current expenditure rose by 10.4 per cent (\$77.2m) to \$822.5m, influenced by growth in all of the major components, particularly outlays on transfers and subsidies and interest payments. Outlays on transfers and subsidies grew by 16.0 per cent (\$25.3m), largely reflecting increased payments for social assistance programmes, coupled with larger pension and social security contributions.

Interest payments rose by 22.5 per cent (\$22.5m), due largely to an increase in central government's borrowing, mainly from the domestic market and to a lesser degree from external sources. Expenditure on goods and

services rose by 13.3 per cent (\$18.8m), primarily associated with increasing prices of a number of items purchased. Outlays on personal emoluments rose by 3.1 per cent (\$10.6m) driven predominantly by a payment of retroactive salary to top management, supported by an increase in public sector employment.



Current revenue amounted to \$810.4m, representing a decline of 0.8 per cent relative to the total in 2011. The contraction in current revenue mirrored a fall in tax collections, which more than offset an increase in the non-tax revenue intake. Revenue from taxes on international trade and transactions fell by 16.0 per cent (\$62.4m), attributable to reductions in receipts from the consumption duty (34.4 per cent), the excise tax (21.7 per cent), the environmental surcharge (27.7 per cent) and the import duty (4.0 per cent), some



of which were replaced by the VAT in the last quarter of 2012. Receipts from taxes on income and profits fell by 7.8 per cent (\$19.1m), largely associated with a decline in intake from corporation taxes (\$20.8m), reflecting the negative impact of the contraction in economic activity on the performance of businesses. The economic environment also adversely affected the collection of arrears, which declined by 14.3 per cent. By contrast, yields from taxes on domestic goods and services increased by 45.2 per cent, mirroring the impact of the value added tax, which was introduced in October 2012. Non-tax revenue rose by 34.3 per cent, primarily as a result of higher collections of accrued investment income.

Capital expenditure fell by 10.3 per cent to \$240.8m (7.5 per cent of GDP), in contrast to growth of 83.6 per cent in the previous year. This outturn was attributed to the winding down of major infrastructural projects, including the New National Hospital, and the delayed implementation of new projects, which were expected to impact the construction sector and general economic activity. However, work continued at a slow pace on post-Tomas road and infrastructural

rehabilitation. Capital expenditure was financed in part through grant inflows, which declined by 33.5 per cent to \$23.1m (0.7 per cent of GDP) from \$34.7m (1.1 per cent of GDP) in 2011.

Public Sector Debt

The outstanding debt of the public sector was estimated at \$2,579.6m at the end of 2012, representing an increase of 8.7 per cent on the total at the end of 2011. As a percentage of GDP, the outstanding debt increased to 80.5 per cent from 72.6 per cent at the end of 2011. The disbursed outstanding debt of the central government, which accounted for 91.4 per cent of the total debt, increased by 11.8 per cent to \$2,358.1m (73.6 per cent of GDP), reflecting increased domestic borrowing. The stock of domestic debt of the central government rose by 17.8 per cent, while its external debt increased by 5.7 per cent. Meanwhile, estimates of the outstanding debt of the public corporations indicate a fall of 16.0 per cent to \$213.4m. The debt service payments rose by 14.2 per cent to \$219.4m, influenced primarily by a 22.5 per cent increase in interest payments.

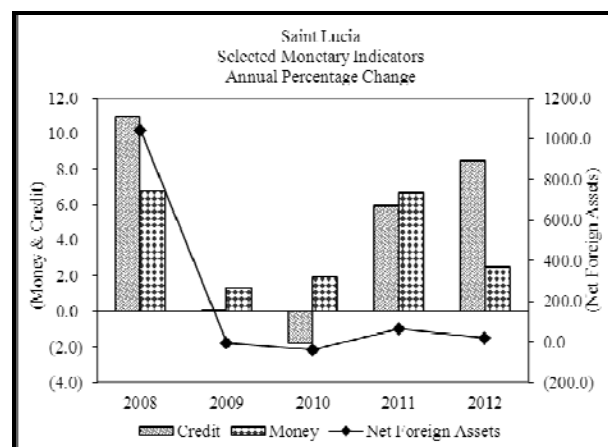


Money and Credit

Broad money supply (M2) grew by 2.5 per cent to \$2,798.5m, compared with an increase of 6.7 per cent during 2011. The expansion was attributed to growth in both quasi money and narrow money (M1). Quasi money rose by 2.1 per cent (\$42.7m), owing to an increase of 3.9 per cent in private sector savings deposits, which more than offset declines of 4.7 per cent and 0.8 per cent in private sector foreign currency deposits and private sector time deposits, respectively. The 3.8 per cent (\$26.0m) increase in narrow money was due to growth of 6.5 per cent in private sector demand deposits.

Domestic credit increased by 8.5 per cent to \$3,903.5m, compared with growth of 6.0 per cent recorded during 2011. The expansion was primarily influenced by an increase of 5.1 per cent in credit to the private sector, supported by credit to central government, which more than doubled during the review period. Growth in credit to the private sector was driven by a 16.4 per cent rise in household credit, coupled with an increase of 2.3 per cent in lending to businesses. The central government transactions resulted in a net credit position of \$163.7m, in contrast to a net deposit position of \$0.9m at the end of

2011. The turnaround came as a result of a 41.1 per cent (\$118.0m) increase in the central government's indebtedness to the banking system, supported by a 12.0 per cent decline in its deposits. These increases in credit were partially offset by a 23.4 per cent decline in lending to non-financial public enterprises.



An analysis of the distribution of credit by economic activity indicates that outstanding loans increased by 9.3 per cent, compared with growth of 2.3 per cent during the previous year. The outcome was largely influenced by an expansion of 18.6 per cent in lending for personal use, particularly for the acquisition of property. Outstanding loans for property acquisition grew by 37.9 per cent, mostly for home construction and renovation, which recorded a 50.6 per cent increase and supported by growth of 23.0 per cent for the purchase of houses and land. Credit for other



uses increased by 13.9 per cent (\$155.2m) attributable to growth in outstanding loans for public administration (\$103.7m), professional and other services (\$67.2m) and financial institutions (\$14.7m). Increases were also recorded in outstanding loans for distributive trades, manufacturing and agriculture, which grew by 3.8 per cent, 3.7 per cent and 4.5 per cent respectively. These expansions more than offset declines in credit for construction (8.8 per cent) and tourism (0.7 per cent).

The net liability position of the banking system grew by 17.8 per cent to \$582.6m, compared with an increase of 62.8 per cent last year. The pace of increase, albeit slower, was attributed in part to an expansion in commercial bank liabilities held in financial institutions both in the ECCU and outside the region. The liabilities of commercial banks in other ECCB territories grew by 11.3 per cent, while those outside the region expanded by 8.7 per cent. Saint Lucia's imputed share of the reserves held at the Central Bank rose by 8.6 per cent to \$556.4m.

Liquidity in the commercial banking system remained tight during 2012. The ratio of liquid assets to total deposits plus liquid liabilities increased marginally to 22.6 per

cent, while the ratio of loans and advances to total deposits grew by 5.2 percentage points to 119.2 per cent. At the end of December 2012, the weighted average interest rate spread between loans and deposits narrowed to 5.58 percentage points from 5.97 percentage points at the end of the previous year. The weighted average interest rate on deposits was 2.93 per cent, representing a decline of 14 basis points from the level at the end of 2011, while the weighted average interest rate on lending fell by 53 basis points to 8.51 per cent.

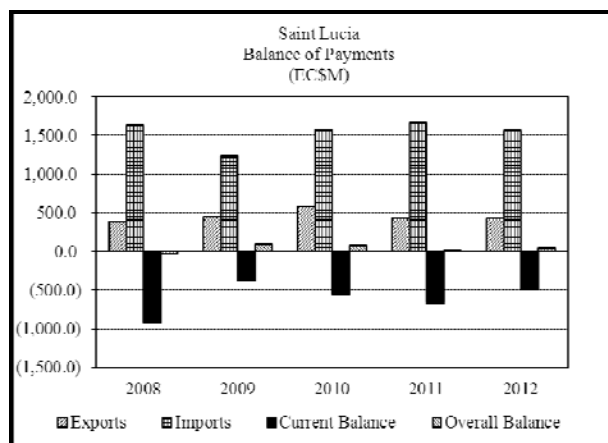
Balance of Payments

Saint Lucia's external sector transactions for 2012 are estimated to have resulted in an overall balance of payments surplus of \$44.1m (1.4 per cent of GDP), up from one of \$19.7m (0.6 per cent of GDP) in 2011. The improvement was associated with a narrowing of the deficit on the current account, which more than compensated for a smaller surplus on the capital and financial account.

The deficit on the current account contracted by an estimated 24.3 per cent to \$497.8m (15.5 per cent of GDP) mainly attributable to a smaller deficit on the goods account, supported by a larger surplus on the services



account. The merchandise trade deficit is estimated to have shrunk to \$1,136.2m (35.5 per cent of GDP) from \$1,226.7m (37.5 per cent of GDP), mainly as a result of a decline in import payments, which more than offset a fall in export receipts. The import bill fell by 5.9 per cent to \$1,564.2m, in contrast to growth of 5.6 per cent in 2011. The value of exports amounted to \$428.0m (13.4 per cent of GDP), approximately 1.8 per cent below the level of the previous year, associated with declines in both re-exports and domestic exports, which fell by 2.7 per cent and 1.0 per cent, respectively. Service transactions resulted in a net inflow of \$542.7m (14.5 per cent of GDP), roughly 14.1 per cent higher than the amount at the end of last year.



Transactions on the capital and financial account resulted in a 28.3 per cent decline to \$541.8m in net inflows, compared with

\$677.6m recorded in 2011. The contraction largely reflected transactions on the financial accounts, where net inflows fell by 29.2 per cent. These developments were supported by a net inflow of \$132.0m from commercial banks' transactions compared with one of \$210.9m in 2011.

Prospects

Notwithstanding significant downside risks posed primarily by setbacks in the Euro area, growth prospects for the global economy appear to be favourable. Amidst modest improvements in the pace of the global recovery and positive expectations for the US economy in particular, economic activity in Saint Lucia is projected to pick up in 2013, 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 agriculture and construction.

Growth in agricultural output is anticipated, as investments in the sector continue to yield returns. The Ministry of Agriculture started a number of initiatives towards diversification, including livestock farming, poultry and egg production, meat processing, aquaculture, mariculture and youth in agriculture; which are likely to gain further traction. The banana



industry began its recovery from the impact of hurricane Tomas and the Black Sigatoka disease. This recovery process is likely to be sustained in 2013 as the industry benefits from the EU funded Banana Accompanying Measures (BAM) project. These developments, along with projected improved performance in non-banana crops, are expected to positively impact value added in the agricultural sector.

Activity in 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. This forecast is hinged on a strategy, developed to further penetrate current markets and to occupy the existing hotel stock during the low periods. The strategy targets, inter alia, the Latin American market during summer and also the Russian yacht market. The cruise sub-sector is likely to perform better in 2013, as Saint Lucia expects an increase in the number of cruise ship calls. A number of constraints remain as recovery in the main source markets seems to be slow and unemployment persists in the advanced economies. Additionally, the challenge of the high cost of intra- regional travel continues to affect arrivals from the Caribbean, especially

the French. Nonetheless, the cautiously optimistic forecast for the US economy, the major market, augurs well for the tourism industry in Saint Lucia and the rest of the ECCU.

Activity in the construction sector, one of the main drivers of economic growth, is likely to be partially driven by the government's construction stimulus package, on-going work of the Financial Complex and continued infrastructural development. Activity in the private sector will focus mainly on a number of tourism related plants, including renovations at the Windjammer Landing Villa Beach Resort and the Freedom Bay project. Residential construction and work on a few commercial properties are likely to add to robust construction activity.

A wider overall deficit is projected for the central government fuelled by increases in current expenditure, which is expected to outpace any gains in revenue. An increase in tax revenue is anticipated, supported by the intake from the VAT, which was implemented in the last quarter of 2012. However planned expenditures, including at least \$42m to public servants for wage increases for the 2010/13 triennium are expected to outweigh any boost



in revenue. The debt level of the central government is projected to rise as government borrows to finance the current account deficit and programmed capital expenditure. These debt pressures are expected to impact the cost of debt servicing.

In the external sector, the merchandise trade deficit is projected to widen owing to an increase in merchandise imports, consistent with the anticipated expansion in construction activity. Larger export earnings are projected based on the anticipated increase in agricultural exports, especially bananas, as production improves. External demand in major markets is expected to strengthen gradually and positively affect exports of manufactured products. Inflationary pressures are likely to persist following the recent

implementation of the VAT and increasing food and other commodity prices. Net inflows from travel may rise, consistent with any expansion in visitor arrivals.

World output growth for 2013 was revised downwards to 3.5 per cent and growth in the advanced economies to 1.4 per cent. The slower pace of the global recovery poses a major risk to the projections for the economy of Saint Lucia, as the major private sector construction projects are expected to be financed by foreign investments. Additionally, the performance of the tourism industry is dependent on the macroeconomic fundamentals of the advanced economies, especially the USA. Other downside risks include the inability to effectively control the Black Sigatoka disease and adverse weather.



ST VINCENT AND THE GRENADINES

Overview

The real GDP of St Vincent and the Grenadines is estimated to have expanded by 1.5 per cent in 2012, following marginal growth of 0.4 per cent in 2011. The stronger growth performance was driven by improvements in the tourism industry and the agricultural, wholesale and retail trade, and transport, storage and communications sectors. Consumer prices rose at a slower rate of 1.0 per cent, on an end of period basis, partly due to the moderation of global commodity prices. The overall fiscal deficit of the central government narrowed primarily on account of a reduction in capital spending. The fiscal deficit was financed by an accumulation of arrears and new borrowing which led to an increase in the total outstanding public sector debt stock. In the banking system, monetary liabilities, net foreign assets and domestic credit expanded. Commercial bank liquidity tightened and the weighted average interest rate spread between loans and deposits widened. A surplus was recorded on the overall balance of payments in contrast to a deficit in 2011, attributable to higher net inflows.

Economic activity is expected to further strengthen in 2013, as value added in the construction, agricultural and manufacturing sectors is likely to expand and the pace of activity in the tourism industry is projected to accelerate, with spillover effects in the wholesale and retail trade and transport, storage and communications sectors. The fiscal operations of the central government are expected to yield an overall deficit as strong growth in expenditure is anticipated. Inflationary pressures are likely to be contained as the weak global recovery places less strain on commodity prices and the domestic industrial climate remains calm. However, a number of downside risks could impact on the level of economic activity. The main risks include lower than expected growth in the United States stemming from uncertainty related to actions to cut the budget deficit, continued implementation of austerity measures in the United Kingdom and renewed debt problems in the Eurozone.

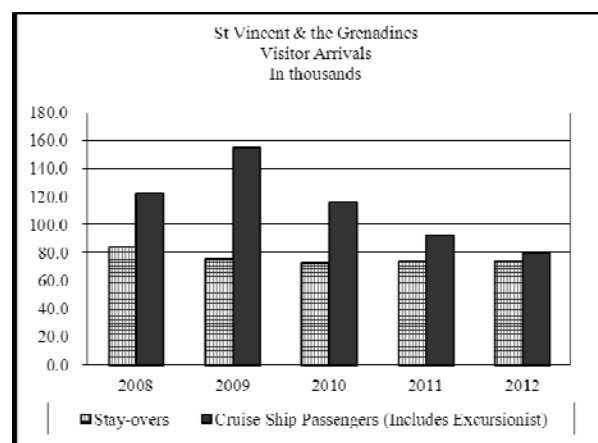
Output

Value added in the hotels and restaurants sector, an indicator of tourism activity, is



estimated to have increased by 1.3 per cent in 2012 compared with growth of 0.3 per cent in 2011. The improved performance in 2012 was the result of increases in both stay over visitor and yacht passenger arrivals. Stay-over visitor arrivals grew at a rate of 0.7 per cent compared with growth of 1.9 per cent in 2011, mainly on account of less than expected growth performance in the major source markets. Among the major source markets, the most significant increase was from the Canadian market which registered growth of 10.5 per cent in 2012 relative to a decline of 6.8 per cent in 2011. Stay-over visitor arrivals from the USA, the second largest source market, increased by 1.4 per cent following a contraction of 1.8 per cent in 2011; those from the UK increased marginally by 0.9 per cent compared with an increase of 22.7 per cent in 2011. Stay-over visitor arrivals from the Caribbean, the largest source market, declined for the fifth consecutive year, albeit at a slower rate of 2.2 per cent compared with 2.9 per cent for comparable period in 2011. The main reasons for this decline were the high cost of regional travel and limited destination marketing. In the other categories of visitors, yacht passenger arrivals increased by 2.6 per cent reversing the previous year's contraction of 3.1 per cent while excursionists

and cruise ship passengers arrivals declined by 22.6 per cent and 13.3 per cent respectively.



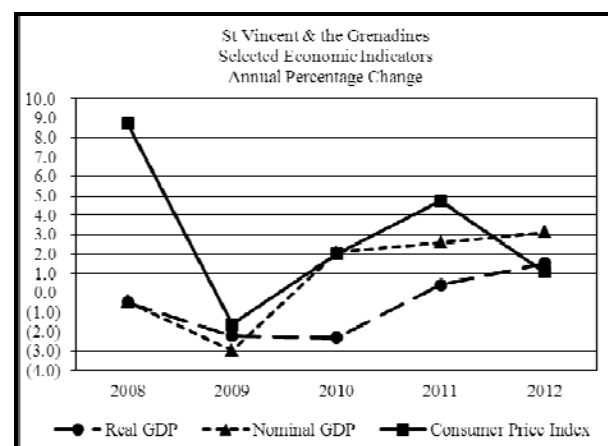
The positive value added in the tourism industry contributed to an expansion in economic activity in the wholesale and retail, and the transport, storage and communications sectors which grew by 4.5 per cent and 1.7 per cent respectively. Activity in the manufacturing sector is estimated to have risen at a rate of 2.0 per cent in 2012, relative to growth of 8.3 per cent in 2011. This was the result of smaller increases in the production of flour (3.8 per cent) and feeds (12.9 per cent). Beer production, which benefited from the transfer of operations from Antigua and Barbuda due to the closure of their brewery operations in 2011, grew by 12.1 per cent. On the other hand, the production of rice contracted by 22.6 per cent.



Value added in the agricultural sector rose by an estimated 1.8 per cent in 2012, above the rate of 0.2 per cent in 2011. Total crop production rose by 1.9 per cent, mainly influenced by higher output of fruits and vegetables. The production of livestock increased by 1.5 per cent while value added in the fishing sub-sector contracted by 13.0 per cent for the third consecutive year. Positive growth was recorded in other key sectors such as real estate, renting and business activities (0.7 per cent), public administration, defence and compulsory social services (2.0 per cent) and education (2.5 per cent).

Value added in the construction sector is estimated to have contracted by 3.0 per cent in 2012, which was slightly less than the 3.4 per cent decline in 2011. This was evidenced by a 27.7 per cent reduction in outstanding credit to the construction sector. In the private sector the pace of activity slowed, as work on some major tourism projects such as the Buccament Bay Resort tapered off. Private home construction is also estimated to have been less robust based on a marginal increase (0.3 per cent) in outstanding credit for home construction and renovation relative to growth of 5.3 per cent a year prior. In the public sector, work continued on the Community

College, the Hospitality and Maritime Training Institute, the Argyle International Airport and the rehabilitation of roads and bridges under the Hurricane Tomas Emergency Recovery Programme. Value added in the mining and quarrying sector, which is highly associated with the level of construction activity, is also estimated to have contracted by 3.0 per cent.



Prices, Wages and Employment

Consumer prices moderated in 2012, relative to 2011 as there were no significant increases in international food and fuel prices. The consumer price index (CPI) rose by 1.0 per cent in 2012 compared with an increase of 4.7 percent in the corresponding period in 2011. The housing, utilities, gas and fuels sub-index, the largest weighted item in the consumer basket, increased by 1.2 per cent compared with an increase of 3.3 per cent in 2011. The



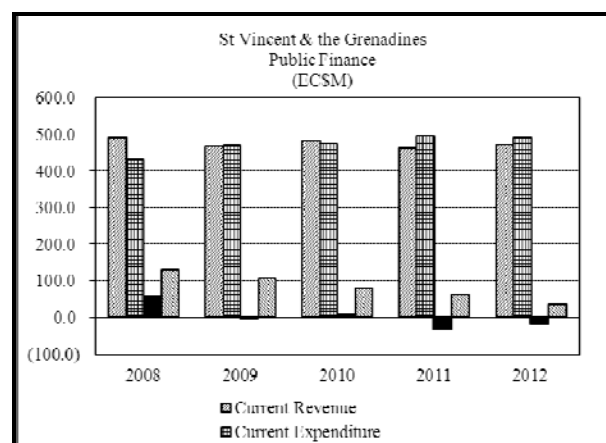
food and non-alcoholic beverages sub-index rose by 1.1 per cent on account of higher prices for locally grown vegetables and some chicken parts. Increases in the rates of excise taxes contributed to a rise of 5.5 per cent in the alcoholic beverages, tobacco and narcotics sub-index. Increases were also recorded for the sub-indices, clothing and footwear (2.7 per cent) and health (2.2 per cent).

In the public sector, a salary increase of 1.5 per cent, including retroactive salary payments was granted to civil servants in December 2012. Although no national employment data are available, preliminary data obtained from the National Insurance Services indicated a decline of 3.1 per cent in the number of active employees to 37,972.

Central Government Fiscal Operations

Preliminary fiscal data indicated that the overall fiscal deficit narrowed to \$35.4m (1.8 per cent of GDP) in 2012 from \$49.1m (2.6 per cent of GDP) in 2011, largely attributable to a drop in capital expenditure. The deficit was financed by an accumulation of domestic debt and arrears. The primary balance shifted to a surplus of \$8.6m (0.4 per cent of GDP) from a deficit of \$3.1m (0.2 per cent of GDP),

exceeding the target set by the government of a primary deficit of 0.7 per cent of GDP.



Current account operations led to a reduction in the deficit by 43.1 per cent to \$18.6m (1.0 per cent of GDP). Current revenue increased by 1.9 per cent to \$471.4m (24.5 per cent of GDP) in contrast to a contraction of 4.4 per cent in 2011. The increase in revenue was reflective of the uptick in economic activity and efforts made to collect outstanding tax arrears. Tax revenue rose by 4.5 per cent to \$430.5m reflecting growth in receipts from taxes on income and profits (7.0 per cent) and on domestic goods and services (4.9 per cent). collection of the Value Added Tax (VAT) which is the largest component of taxes on domestic goods and services, increased by 1.3 per cent to \$134.1m, following three consecutive years of contraction. The increase in excise tax rates on alcohol and cigarettes contributed to a 13.2 per cent increase in the



yield in from this sub-category to \$27.5m. Tax revenue on international trade and transactions remained virtually unchanged at \$81.2m while property tax receipts fell by 4.3 per cent to \$2.7m. Non tax revenue continued to fall for the second consecutive year by 18.7 per cent to \$40.9m.

Current expenditure declined marginally by 1.1 per cent to \$490.0m (25.5 per cent of GDP) compared with an increase of 4.7 per cent in 2011. This reflected the policy stance of the government which targeted the containment of the discretionary components of current expenditure. Expenditure on transfers and subsidies declined by 6.7 per cent to \$134.0m as a result of a contraction in social welfare payments which reverted to pre hurricane Tomas levels and the allocation of fewer resources to Statutory Corporations. Outlays on goods and services fell by 6.9 per cent to \$69.2m reflecting lower cost of utilities, maintenance and supplies and materials. Interest payments fell to \$44.0m in 2012 from \$46.0m in 2011. The wage bill increased by 5.1 per cent to \$242.8m, largely associated with annual increments and the payment of 1.5 per cent salary increase to public servants. As a percentage of current revenue the wage bill increased to 51.5 per

cent from 50.0 per cent in 2011. Capital expenditure contracted by 45.1 per cent to \$34.6m (1.8 per cent of GDP) as work on a few projects entered their final stages and only initial works began on new projects. Capital expenditure was in part financed by grants of \$12.4m, which was 65.9 per cent lower than 2011.

Public Sector Debt

At the end of December 2012 the total disbursed outstanding public debt increased to \$1,354.7m (70.4 per cent of GDP) from \$1,278.8m (68.5 per cent of GDP) at the end of December 2011. This represented a 5.9 per cent increase in the nominal debt stock over the previous year, and an inability of the public sector to meet its debt to GDP target of 65.7 per cent for the fiscal year 2012. External debt stood at \$884.6m (46.0 per cent of GDP) which was 0.5 per cent lower than in 2011 while domestic debt rose to \$470.1m (24.4 per cent of GDP), 20.5 per cent greater than the previous year. Central government debt which comprised 84.3 per cent of total public sector debt rose by 6.7 per cent, owing mainly to an increase in domestic debt. This increase in domestic debt was largely associated with an increase in arrears, credit

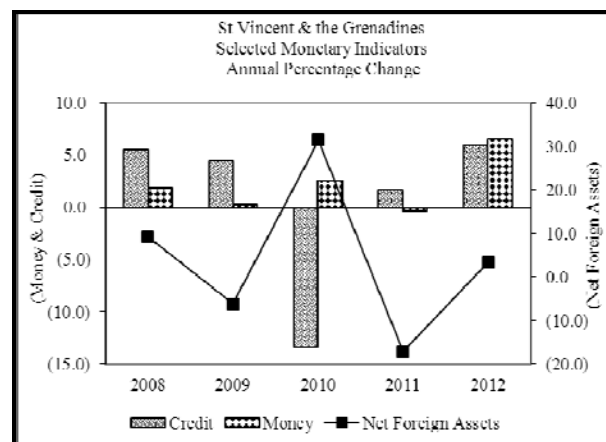


extended by commercial banks and commercial banks holding of Treasury bills. The central government also successfully borrowed on the RGSM by issuing a \$40.0m bond to support its expenditure programme. The debt stock of public corporations increased during the review period by 2.2 per cent to \$213.4m, reflecting an increase in domestic borrowing. Debt service payments grew marginally by 0.7 per cent to \$116.7m at the end of December 2012.

Money and Credit

The total monetary liabilities (M2) of the banking system grew by 6.6 per cent to \$1,182.8m during 2012, compared with a decline 0.4 per cent during the previous year, reflective of improvements in economic activity. The expansion in M2 was attributable to increases in both narrow money (M1) and quasi money. Narrow money rose by 8.9 per cent to \$360.9m mainly on account of a 12.4 per cent increase in private sector demand deposits which offset a contraction of 5.7 per cent in currency with the public. Quasi money, the largest component of M2, increased by 5.6 per cent to \$821.9m, primarily on account of expansions in private sector saving deposits (6.5 per cent) and

private sector time deposits (9.3 per cent). On the other hand, private sector foreign currency deposits contracted by 19.0 per cent.



Domestic credit rose by 6.0 per cent to \$960.9m during 2012, compared with growth of 1.7 per cent during 2011 primarily as a result of a boost in private sector borrowing. Private sector credit grew by 3.9 per cent (\$38.7m) spurred by growth in credit to households (5.8 per cent) and businesses (4.0 per cent). In the public sector, net credit to the central government grew by 11.4 per cent to \$49.6m reflective of increased borrowings from the local banking system to partly finance its fiscal deficit. The net deposits of non-financial public enterprises fell by 7.6 per cent largely attributable to a drawdown in deposits.

The distribution of credit by economic activity



indicated less buoyancy in lending for personal use, the largest component of total credit. Growth in outstanding loans for personal use rose by 5.7 per cent compared with 6.5 per cent in 2011, as credit outstanding for acquisition of property grew at a slower rate of 2.3 per cent. Credit for the purchase of durable consumer goods and other personal uses inched up 3.3 per cent and 10.5 per cent respectively. Credit extended for professional and other services and public administration rose by 22.6 per cent and 21.8 per cent respectively. Increases were also recorded in credit extended for agriculture and fisheries (9.7 per cent) and distributive trades (5.7 per cent) to support initiatives in these sectors. In contrast, lending for construction, tourism, and manufacturing, mining and quarry declined for the second consecutive year by 27.7 per cent, 19.1 per cent and 10.8 per cent respectively, due to lower investments and the slow pace of tourism related construction activity.

The net foreign assets of the banking system grew by 3.3 per cent to \$406.2m at the end of 2012, in contrast to a contraction of 17.1 per cent during 2011. This increase was mainly fuelled by a 23.7 per cent rise in central bank imputed reserves to \$293.2m. By contrast,

the net foreign assets of commercial banks fell by 27.7 per cent to \$113.0m, primarily associated with a reduction of assets held with banks and other institutions within the currency union, partly to meet the increased demand for credit by both the public and private sectors.

Liquidity in the commercial banking system fell during the review period but remained at an elevated level. This was evidenced by a decline in the ratio of liquid assets to total deposits plus liquid liabilities by 0.64 percentage points to 39.0 per cent. In addition the ratio of loans and advances to deposits rose by 1.0 percentage point to 75.2 per cent.

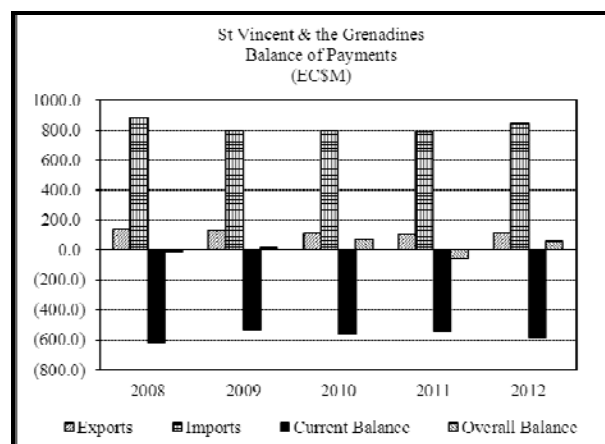
Commercial banks weighted average interest rate spread between loans and deposits widened by 44.0 basis points to 6.62 per cent at the end of December 2012. The weighted average interest rate on deposits fell by 11.0 basis points to 2.79 per cent while the weighted average lending rate increased by 34.0 basis points to 9.42 per cent.

Balance of Payments

The overall position on the balance of payments shifted to a surplus of \$56.2m in



2012 (2.9 per cent of GDP) from a deficit of \$62.2m (3.3 per cent of GDP) in 2011. This improvement was primarily attributable to a larger surplus on the capital and financial account which negated the widening of the current account deficit. A current account deficit of \$582.8m (30.3 per cent of GDP) was recorded in 2012, compared with one of \$537.0m (28.8 per cent of GDP) in 2011. The expansion in the current account deficit was largely associated with an increase in the merchandise trade deficit on account of a higher level of import payments. The value of imports amounted to \$849.5m in 2012, representing an increase of 7.6 per cent from the previous year. The value of exports rose by 12.1 per cent to \$131.4m in 2012 reflecting an increase in domestic exports while re-exports decreased. Earnings from domestic exports rose by 17.1 per cent largely associated with an increase in receipts from flour (6.4 per cent) and rice (1.7 per cent). The surplus on the services account shrank by 1.0 per cent to \$147.0m owing mainly to an increase in the cost of sea transportation. Meanwhile, the travel account surplus grew by 0.5 per cent to \$213.2m as gross receipts from tourism related activities rose, consistent with the marginal growth in stay-over arrivals.



The surplus on the capital and financial account expanded in 2012 by 22.1 per cent to \$584.9m (29.6 per cent of GDP). This mirrored an increase in foreign direct investment (\$107.2m) on the financial account, related to funding for some tourism projects. The surplus on the capital account rose by 18.8 per cent (\$19.6m) mainly due to an increase in capital transfers which included official development assistance from international donors such as the European Union.

Prospects

Real GDP is projected to expand in 2013 based on improved activity in the construction, manufacturing and agricultural sectors and positive developments in the tourism industry. Construction activity is



likely to strengthen on account of the intensification of work on public sector projects such as the Hospitality and Maritime Training Institute, the Argyle international airport and the Hurricane Tomas Emergency Recovery Project. Infrastructural work such as, the construction of two polyclinics and staff and doctors quarters, under the Modernization of the Health Sector project is also expected to add impetus to activity in the sector. In the private sector, work will continue on phase 2 of the Buccament Bay Resort, the Tribu Resort and the Canouan Development Project which also entails the building of a 110 boat marina. The increase in construction activity is projected to spur activity in other auxiliary sectors such as mining and quarrying and transportation, storage and communications.

Value added in the manufacturing sector is envisaged to remain robust as the demand for the main manufactured goods such as flour and beverages continue to increase. The sector will also benefit from higher production of soft drinks mainly for export on completion of the acquisition of JuC Ltd by a major locally based manufacturing company in the first half of the year. Activity in the agricultural sector is projected to pick up significantly as efforts to control the Black

Sigatoka disease continue to yield positive results and several fishing initiatives under the Fisheries Development Programme are implemented. Value added in the hotels and restaurant sector is expected to increase mainly contingent on the global economy which is forecasted to perform slightly better in 2012. On the domestic side limited resources will continue to inhibit marketing initiatives which may impact visitor outturn.

The overall fiscal deficit of the central government is expected to widen in 2013 as expenditure growth is likely to exceed that of revenue. Revenue from excise taxes is expected to rise as excise tax rates were revised upwards. Wages and salaries are projected to increase on the basis that an outstanding 1.5 per cent salary increase for 2011 will be paid during the year. Capital grants from donors such as the European Union and the Caribbean Development Bank are forecasted to remain at similar levels as in 2012. Therefore, capital expenditure is projected to remain relatively flat.

The current account deficit on the balance of payments is expected to further expand in 2013 to support the expected uptick in construction activity and the business sector.



Foreign direct investment inflows will continue to be challenged by global developments but is expected to increase slightly to fund some of the ongoing tourism developments.

While the expected foregoing developments points to the likelihood of positive growth in 2013, there are a number of challenges facing the economy. Some of these challenges are inherent due to the small size and structure of the economy which makes economic growth in St Vincent and the Grenadines highly correlated with growth in its major trading partners such as the United States and the

United Kingdom. Rising international fuel and food prices buoyed by slightly stronger global growth could also pose some risks to the growth projections. On the domestic front, growth is challenged by a fragile non-bank financial sector which is still recovering from the effects of the failure of BAICO and CLICO, while the high cost and availability of credit continue to affect the development of small and medium size businesses. The country remains vulnerable to natural disasters which pose an annual threat to human and capital stock and by extension economic growth.



NOTES FOR STATISTICAL TABLES AND MONETARY SURVEY

NOTES ON STATISTICAL TABLES

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 less 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.



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Table 1
ECCU - Selected Economic Indicators

	2008	2009	2010	2011	2012
<i>(Annual Percentage Change Unless Otherwise Indicated)</i>					
National Income and Prices					
Nominal GDP at Basic Prices	5.22	(4.16)	(1.47)	0.79	1.53
Real GDP at Basic Prices	2.75	(5.22)	(2.64)	(0.45)	(0.15)
GDP Deflator	2.40	1.12	1.20	1.24	1.68
Consumer Prices (end of period)	4.00	0.01	4.16	4.35	2.59
Consumer Prices (period average)	6.52	0.77	3.37	3.84	2.94
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	12.76	4.21	(12.60)	0.89	5.53
Fishing	(2.50)	(9.47)	(3.04)	3.31	4.34
Manufacturing	(1.68)	(0.84)	(6.37)	(2.98)	3.50
Mining & Quarrying	(0.95)	(26.47)	(21.44)	(11.68)	2.50
Electricity & Water	2.38	3.35	1.05	2.46	(0.63)
Construction	2.95	(16.67)	(16.08)	(7.14)	(5.27)
Wholesale and Retail	4.51	(15.21)	(3.75)	(3.55)	(2.10)
Hotels and Restaurants	(1.72)	(9.11)	1.06	3.72	(0.57)
Transport, Storage and Communications	1.96	(5.31)	(1.67)	(1.12)	(1.40)
Transport and Storage	0.56	(7.65)	(1.26)	(1.34)	(3.10)
Communications	4.27	(1.57)	(2.29)	(0.78)	1.16
Financial Intermediation	1.98	(2.56)	(0.60)	(0.57)	0.07
Real Estate, Renting and Business Activities	2.15	0.42	3.58	0.79	0.64
Public Administration, Defence & Compulsory Social	5.29	3.41	2.61	1.40	1.95
Education	4.28	3.35	(1.01)	1.28	2.32
Health and Social Work	0.63	1.53	0.77	2.64	1.58
Other Services	6.97	6.28	1.33	4.88	(0.15)
FISIM	(1.41)	4.75	0.89	(1.62)	0.98
Import Cover Ratio	7.03	7.45	7.21	9.74	14.66
<i>(In percent of GDP)</i>					
External Sector					
Current Account Balance	(30.67)	(20.51)	(20.21)	(18.11)	(16.29)
Overall Balance	(0.35)	2.92	1.91	1.10	1.12
Merchandise Trade Balance	(41.62)	(32.61)	(33.96)	(34.38)	(32.67)
Public Sector External Debt (end-of-period)	36.58	39.37	42.92	45.54	45.27
Central Government					
Current Account Balance	1.47	(1.06)	(0.24)	(0.08)	(0.46)
Current Revenue	23.64	22.90	23.54	24.45	24.04
Current Expenditure	22.18	23.96	23.78	24.53	24.50
Capital Expenditure and Net Lending	7.08	6.17	4.89	5.69	4.76
Overall Fiscal Balance	(2.72)	(4.58)	(2.51)	(3.21)	(3.01)
<i>(in percent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	3.32	3.22	3.16	3.06	3.04
Weighted Lending Interest Rates	9.48	9.49	9.48	9.53	8.91
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at Factor Cost	12,985.72	12,445.29	12,262.03	12,359.17	12,548.19
Real GDP at Factor Cost	11,999.77	11,372.97	11,072.34	11,022.93	11,006.84
Nominal GDP at Market Prices	15,211.40	14,452.01	14,310.15	14,538.88	14,669.80
GDP per capita (EC\$)	21,281.96	20,158.96	19,609.09	19,578.08	19,728.46
Merchandise Imports (f.o.b)	7,358.22	5,728.35	5,975.53	5,964.67	5,796.23
Merchandise Exports (f.o.b)	1,027.66	1,015.33	1,115.24	966.47	1,003.44
Gross Visitor Expenditure	3,158.70	2,870.22	2,954.66	3,144.57	3,180.76

Source: ECCU Central Statistics Offices and Eastern Caribbean Central Bank
Data as at 22 February 2013



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

	2008	2009	2010	2011	2012
CURRENT REVENUE	3,596.55	3,309.88	3,368.72	3,554.66	3,527.29
Tax Revenue	3,217.18	2,972.42	2,937.23	3,068.14	3,078.89
Taxes on Income and Profits ^{1/}	744.08	742.23	669.00	671.99	670.79
of which:					
Personal ^{2/}	287.13	280.77	275.87	301.79	316.56
Company ^{3/}	407.88	413.21	326.00	288.01	271.64
Taxes on Property	62.82	61.21	61.74	58.16	67.67
Taxes on Domestic Goods & Services	1,103.48	976.71	1,079.12	1,257.43	1,326.69
of which:					
Accommodation Tax	66.33	40.60	50.08	54.17	55.35
Licenses	130.02	110.80	109.69	103.75	106.48
Sales Tax ^{4/}	238.29	204.33	179.46	197.34	227.61
Consumption Tax ^{5/}	49.91	45.52	15.68	7.64	6.66
Value Added Tax ^{6/}	267.87	270.05	418.93	560.80	613.82
Taxes on International Trade & Transactions	1,306.80	1,192.27	1,127.37	1,080.56	1,013.74
of which:					
Consumption Tax ^{7/}	345.64	359.24	220.34	154.16	115.67
Import Duties	478.83	402.39	417.91	425.12	418.72
Customs Service Charge ^{7/}	286.60	247.12	185.30	200.61	194.61
Non-Tax Revenue	379.36	337.46	431.49	486.52	448.41
CURRENT EXPENDITURE	3,373.46	3,463.38	3,402.45	3,565.94	3,594.55
Personal Emoluments	1,451.67	1,494.62	1,512.93	1,546.11	1,568.34
Goods and Services	809.65	763.87	708.07	748.89	710.01
Interest Payments	423.56	427.42	423.99	434.60	488.01
Domestic	199.15	218.29	252.52	246.16	273.76
External	224.42	209.12	171.48	188.44	214.25
Transfers and Subsidies	688.58	777.47	757.47	836.34	828.19
Pensions	180.69	207.05	251.74	253.29	287.71
Current Account Balance (before grants)	223.09	(153.49)	(33.74)	(11.28)	(67.25)
Capital Revenue	99.00	22.85	27.27	24.72	18.43
Grants	341.64	361.46	347.94	346.77	305.76
Current Grants	77.52	132.46	164.45	137.53	56.06
Capital Grants	264.13	229.00	183.48	209.24	249.70
Capital Expenditure and Net Lending	1,077.19	892.06	700.43	827.57	698.79
Capital Expenditure	1,062.90	885.47	696.60	801.18	697.09
Primary Balance after grants	10.10	(233.82)	65.04	(32.76)	46.15
Overall Balance after grants	(413.46)	(661.24)	(358.96)	(467.36)	(441.86)
Financing	413.46	661.24	358.96	467.36	441.86
Domestic	313.10	382.20	(246.94)	213.59	271.53
ECCB(net)	21.75	39.27	(90.10)	68.21	(86.87)
Commercial Banks(net)	236.59	214.20	(367.45)	5.27	(32.11)
Other	54.77	128.74	210.61	140.12	390.51
External	52.91	175.30	572.69	273.80	120.85
Net Amortisation	53.67	172.88	500.24	233.53	83.34
Disbursement	393.90	437.05	888.34	559.84	421.80
Amortisation	(340.23)	(264.17)	(388.11)	(326.32)	(338.45)
Change in Govt. Foreign Assets	(0.77)	2.42	72.46	40.27	37.51
Other Foreign Financing ^{7/}	0.00	0.00	0.00	0.00	0.00
Arrears	47.45	103.74	(1162.50)	(20.03)	(51.22)
Domestic	(2.82)	73.73	(903.43)	(19.27)	(2.60)
External	50.27	30.01	(259.07)	(0.76)	(48.61)
Other Financing (residual)	0.00	0.00	1195.71	0.00	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 14 February 2013



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

	2007 ^R	2008 ^R	2009 ^R	2010 ^R	2011 ^R	2012 ^P
Net Foreign Assets	3,031.38	2,271.76	1,895.29	2,148.33	2,052.89	2,657.41
Central Bank (net)	2,056.60	2,039.76	2,156.97	2,498.31	2,717.94	3,031.40
External Assets	2,065.13	2,049.27	2,162.25	2,500.52	2,720.52	3,036.61
External Liabilities	8.53	9.52	5.29	2.20	2.58	5.21
Commercial Banks (net)	974.78	232.00	(261.68)	(349.99)	(665.05)	(373.99)
External Assets	4,270.47	3,750.45	4,015.13	3,199.56	3,863.51	4,050.32
External Liabilities	3,295.69	3,518.45	4,276.81	3,549.54	4,528.56	4,424.31
Net Domestic Assets	8,852.48	9,913.94	10,307.95	10,332.94	10,783.27	10,596.33
Domestic Credit	10,889.13	12,111.06	12,704.02	12,506.93	12,635.81	12,547.74
Central Government (net)	1,132.01	1,390.34	1,643.81	1,186.26	1,259.73	1,140.76
Other Public Sector (net)	(1,194.26)	(1,310.84)	(1,264.62)	(1,280.43)	(1,396.47)	(1,529.42)
Private Sector	10,951.39	12,031.56	12,324.83	12,601.11	12,772.55	12,936.40
Households	5,473.57	6,023.40	6,137.77	6,290.85	6,363.55	6,647.05
Business	4,958.07	5,530.00	5,767.36	5,927.54	6,003.62	5,958.69
Non-Bank Financial Institutions	225.12	182.41	134.37	124.87	146.53	164.42
Subsidiaries & Affiliates	294.64	295.74	285.33	257.84	258.86	166.24
Other Items (Net)	(2,036.66)	(2,197.12)	(2,396.07)	(2,173.99)	(1,852.54)	(1,951.40)
Monetary Liabilities (M2)	11,883.86	12,185.69	12,203.24	12,481.27	12,836.17	13,253.75
Money Supply (M1)	2,755.64	2,736.73	2,532.42	2,578.16	2,692.94	2,799.50
Currency with the Public	594.71	612.84	621.37	616.08	634.59	633.82
Demand Deposits	2,068.63	2,028.19	1,841.05	1,881.24	1,983.80	2,099.44
EC\$ Cheques and Drafts Issued	92.30	95.70	69.99	80.84	74.54	66.25
Quasi Money	9,128.22	9,448.96	9,670.82	9,903.11	10,143.23	10,454.24
Savings Deposits	4,707.45	4,963.66	5,222.29	5,282.05	5,483.56	5,895.92
Time Deposits	2,337.13	2,565.66	2,705.37	2,868.97	2,982.94	2,877.87
Foreign Currency Deposits	2,083.63	1,919.64	1,743.16	1,752.09	1,676.73	1,680.45

Source: Eastern Caribbean Central Bank

Data available as at 15 February 2013

Table 4
ECCU - Selected Tourism Statistics

	2008	2009	2010	2011	2012
Total Visitors	3,651,204	3,974,763	3,863,449	3,775,856	3,461,516
Stay-Over Visitors	1,047,877	924,146	950,703	985,248	986,327
USA	375,575	328,046	369,448	377,403	382,734
Canada	66,927	66,681	75,891	83,842	90,589
UK	246,433	201,202	189,453	201,490	200,519
Caribbean	257,652	232,424	216,010	219,449	206,810
Other Countries	101,290	95,793	99,901	103,064	105,675
Excursionists	86,423	72,837	77,909	80,654	88,505
Cruise Ship Passengers^{/1}	2,406,808	2,868,562	2,705,962	2,581,320	2,254,929
Yacht Passengers^{/2}	110,096	109,218	128,875	128,634	131,755
Number of Cruise Ship Calls^{/3}	1,464	1,673	1,585	1,537	1,465
Total Visitor Expenditure (EC\$M)	3,192.09	2,906.41	3,016.14	3,153.37	3,189.32

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 14 February 2013



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

	2008	2009	2010	2011	2012
CURRENT ACCOUNT	(4,665.25)	(2,964.67)	(2,891.46)	(2,632.91)	(2,390.36)
Goods and Services	(4,392.46)	(2,800.95)	(2,892.79)	(2,713.32)	(2,385.38)
Goods	(6,156.40)	(4,591.54)	(4,750.57)	(4,831.44)	(4,613.72)
Merchandise	(6,330.56)	(4,713.02)	(4,860.29)	(4,998.20)	(4,792.79)
Repair on goods	0.52	0.79	0.76	0.36	0.73
Goods procured in ports by carriers	173.64	120.69	108.96	166.40	178.34
Services	1763.94	1790.59	1857.78	2118.12	2228.35
Transportation	(625.79)	(377.91)	(435.22)	(455.34)	(427.15)
Travel	2676.55	2415.50	2507.14	2704.08	2731.01
Insurance Services	(244.49)	(214.19)	(190.15)	(174.77)	(171.03)
Other Business Services	(21.56)	(33.63)	(62.41)	(56.29)	(24.64)
Government Services	(20.77)	0.81	38.41	100.45	120.16
Income	(712.11)	(620.31)	(439.96)	(398.33)	(426.91)
Compensation of Employees	42.52	50.83	50.63	46.40	47.38
Investment Income	(754.64)	(671.14)	(490.59)	(444.73)	(474.29)
Current Transfers	439.33	456.59	441.30	478.74	421.93
General Government	159.07	176.52	161.28	194.70	121.91
Other Sectors	280.25	280.07	280.01	284.04	300.01
CAPITAL & FINANCIAL ACCOUNT	4,611.94	3,387.30	3,164.52	2,793.20	2,554.98
Capital Account	623.77	600.85	807.61	636.20	670.13
Capital Transfers	623.77	600.85	807.61	636.20	670.13
General Government	457.20	426.59	564.22	390.39	418.13
Other Sectors	166.57	174.26	243.40	245.81	252.00
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
Financial Account	3,988.17	2,786.45	2,356.90	2,157.00	1,884.85
Direct Investment	2,591.79	1,779.68	1,434.18	1,227.66	1,282.48
Portfolio Investment	26.88	(41.43)	4.09	108.77	71.84
Other Investments	1,369.51	1,048.19	918.64	820.57	530.54
Public Sector Long Term	87.82	262.48	835.59	161.43	84.18
Other Public Sector Capital	0.00	0.00	0.00	0.00	0.00
Commercial Banks	742.78	493.68	88.31	315.06	(113.87)
Other Assets	(231.55)	(13.22)	220.43	157.14	212.23
Other Liabilities ^{1/}	770.45	305.25	(225.70)	186.93	347.99
Overall Balance	(53.31)	422.63	273.06	160.30	164.62
Financing	53.31	(422.63)	(273.06)	(160.30)	(164.62)
Change in SDR holdings	0.00	(264.48)	79.12	37.36	0.12
Change in Reserve Position with the Fund	0.00	0.00	0.00	0.00	0.00
Change in Government Foreign Assets	(1.65)	2.42	(6.86)	3.56	37.51
Change in ECCU's Net Foreign Assets ^{2/}	54.95	(160.57)	(345.31)	(201.22)	(202.25)

Source: ECCU Central Statistics Offices and Eastern Caribbean Central Bank

^{1/} includes errors & omissions

^{2/} adjusted for valuation changes

Data as at 22 February 2013



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

	2008 ^R	2009 ^R	2010 ^R	2011 ^R	2012 ^P
Anguilla	170.85	191.61	235.08	229.51	234.00
Antigua and Barbuda	2,979.07	3,136.39	2,709.42	2,842.09	2,836.02
Dominica	883.27	849.95	927.16	924.82	1034.47
Grenada	1,777.07	1,883.80	1,943.12	2,244.78	2,386.80
Montserrat	11.06	9.25	8.69	7.99	7.40
St Kitts and Nevis	2,550.18	2,640.32	2,753.31	2,880.63	2,692.47
Saint Lucia	1,884.80	1,911.57	2,119.40	2,372.69	2,579.64
St Vincent and the Grenadines	1,102.35	1,173.79	1,215.31	1,278.83	1,354.74
TOTAL ECCU	11,358.66	11,796.68	11,911.49	12,781.35	13,125.55

Source: ECCB

* Includes arrears of principal

Data available at February 2013

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

	2008 ^R	2009 ^R	2010 ^R	2011 ^R	2012 ^P
Anguilla	149.63	172.34	217.35	213.13	217.33
Antigua and Barbuda	2,683.64	2,630.44	2,278.76	2,374.10	2,357.61
Dominica	734.34	700.90	762.48	751.15	860.40
Grenada	1,580.23	1,684.29	1,746.68	1,921.32	2,014.74
Montserrat	4.00	2.51	2.33	2.02	1.81
St Kitts and Nevis	1,941.87	2,018.55	2,127.37	2,325.39	2,168.62
Saint Lucia	1,616.23	1,642.15	1,835.42	2,108.98	2,358.07
St Vincent and the Grenadines	860.80	930.12	1,022.49	1,070.12	1,141.36
TOTAL ECCU	9,570.72	9,781.30	9,992.88	10,766.20	11,119.94

Source: ECCB

Data available at February 2013

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

	2008 ^R	2009 ^R	2010 ^R	2011 ^R	2012 ^P
Anguilla	40.32	51.02	215.84	10.18	14.93
Antigua and Barbuda	243.47	182.70	222.60	197.81	226.00
Dominica	53.83	29.25	33.52	50.38	81.10
Grenada	79.24	117.49	90.93	252.28	338.21
Montserrat	0.21	0.21	0.19	0.24	0.14
St Kitts and Nevis	211.99	204.31	218.26	326.81	232.54
Saint Lucia	156.74	173.28	290.71	192.16	219.36
St Vincent and the Grenadines	107.55	115.75	166.61	115.86	116.71
TOTAL ECCU	893.37	874.00	1,238.65	1,145.73	1,228.99

Source: ECCB

Data available at February 2013



Table 9
ECCU - Participation on the RGSM

	2008	2009 ^R	2010 ^R	2011 ^R	2012 ^P
Treasury Bills					
Number of Auctions	33	36	27	31	44
Amount Raised (EC\$M)	574.1	611.5	483.2	589.7	814.8
Subscriptions (EC\$M)	975.6	761.3	586.5	901.8	1094.5
Bonds					
Number of Auctions	3	6	7	2	7
Amount Raised (EC\$M)	116	128.3	230.6	25.5	260
Subscriptions (EC\$M)	119.7	148.71	191.8	26.7	270.6
Total number of auctions	36	42	34	33	51
Total Amounts Raised (EC\$M)	690.1	739.7	713.8	615.3	1074.8
Total Subscriptions (EC\$M)	1095.2	910	778.3	928.5	1365.1

Source: Eastern Caribbean Central Bank

Data as at 23 February 2013

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

	2008	2009 ^R	2010 ^R	2011 ^R	2012 ^P
91-day Treasury Bill	5.71	5.53	5.08	4.56	4.44
180-day Treasury Bill	5.46	5.20	4.75	4.76	5.79
365-day Treasury Bill	6.50	6.22	6.19	6.08	6.24
3-year Bonds	**	**	6.25	**	**
4-year Bonds	**	**	**	**	6.00
5-year Bonds	6.80	7.00	6.80	7.50	6.99
6-year Bonds	**	7.19	7.25	**	**
7-year Bonds	**	8.00	**	**	7.00
8-year Bonds	**	**	7.50	**	7.10
10-year Bonds	7.50	**	**	7.75	7.48

Source: Eastern Caribbean Central Bank

Data as at 23 February 2013



Table 11
Anguilla - Selected Economic Indicators

	2008	2009	2010	2011	2012
<i>(Annual Percentage Change Unless Otherwise Indicated)</i>					
National Income and Prices					
Nominal GDP at Basic Prices	0.89	(18.43)	(6.43)	3.19	(1.07)
Real GDP at Basic Prices	(0.31)	(16.53)	(5.77)	(1.83)	(2.93)
GDP Deflator	1.20	(2.28)	(0.70)	5.11	1.92
Consumer Prices (end of period)	5.28	(0.79)	0.85	8.62	3.58
Consumer Prices (period average)	6.80	(0.68)	1.03	6.19	3.90
<i>Real GDP at Basic Prices by Selected Sectors:</i>					
Agriculture, Livestock and Forestry	11.52	(9.60)	19.34	(9.52)	(1.28)
Fishing	7.48	(24.68)	(7.14)	34.49	0.50
Manufacturing	(1.39)	(16.86)	(50.33)	(1.55)	(4.00)
Mining and Quarrying	(10.99)	(39.03)	(56.62)	(5.00)	(8.00)
Electricity and Water	(0.60)	3.77	6.65	(3.08)	(5.22)
Construction	8.38	(58.54)	(23.70)	(18.00)	(8.00)
Wholesale and Retail Trade	(6.03)	(2.01)	(16.32)	(5.00)	(3.28)
Hotels and Restaurants	(15.30)	(6.15)	5.74	6.55	(1.65)
Transport, Storage and Communications	(0.12)	(21.55)	(7.05)	(2.11)	(4.72)
Transport and Storage	(8.87)	(40.11)	(15.76)	(5.61)	(14.32)
Communications	13.76	2.01	(0.56)	0.10	1.00
Financial Intermediation	4.14	5.07	(0.25)	(6.31)	(2.79)
Real Estate, Renting and Business Activities	0.56	(9.36)	0.21	0.61	(1.95)
Public Administration, Defence & Compulsory Social Security	13.70	20.36	1.30	(8.17)	(1.17)
Education	10.47	0.13	1.01	4.78	(1.08)
Health and Social Work	5.36	(4.62)	(6.14)	(0.69)	(0.89)
Other Services	6.56	0.53	4.92	(4.30)	(2.00)
FISIM	3.36	(2.79)	3.57	(3.98)	1.00
Import Cover Ratio	3.13	3.78	4.21	3.67	3.63
<i>(In percent of GDP)</i>					
External Sector					
Current Account Balance	(57.66)	(33.84)	(18.87)	(12.46)	(15.98)
Overall Balance	(1.09)	(1.25)	0.91	(0.80)	0.81
Merchandise Trade Balance	(64.25)	(44.46)	(44.49)	(41.32)	(43.57)
Public Sector External Debt (end-of-period)	4.98	6.56	24.33	21.87	22.96
Central Government					
Current Account Balance	(0.25)	(7.09)	(4.19)	3.92	1.16
Current Revenue	21.36	19.45	21.52	25.75	23.69
Current Expenditure	21.61	26.53	25.71	21.84	22.53
Capital Expenditure and Net Lending	3.86	1.39	0.43	1.20	1.26
Overall Fiscal Balance	(2.12)	(8.48)	0.05	2.72	1.44
<i>(in per cent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	3.93	3.54	3.40	2.87	3.49
Weighted Lending Interest Rates	9.66	10.07	10.46	10.14	9.19
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at Basic Prices	815.32	665.03	622.27	642.09	635.21
Real GDP at Basic Prices	730.57	609.83	574.62	564.10	547.56
Nominal GDP at Market Prices	956.67	762.76	724.60	796.18	756.19
GDP per Capita (EC\$)	61,451.33	47,786.05	44,255.65	47,441.41	43,962.26
Merchandise Imports (f.o.b)	645.67	401.42	355.96	347.86	348.48
Merchandise Exports (f.o.b)	30.98	62.28	33.56	18.88	18.98
Gross Visitor Expenditure	294.36	253.15	268.38	301.70	304.11

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism and Eastern Caribbean Central Bank
Data as at 12 February 2013



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

	2008	2009	2010	2011	2012
Current Revenue	204.38	148.33	155.93	205.04	179.16
Tax Revenue	155.26	111.60	115.91	180.71	155.13
Taxes on Income and Profit	0.00	0.00	0.00	8.20	13.86
of which: Stabilisation Levy	0.00	0.00	0.00	8.20	13.86
Taxes on Property	0.61	1.49	1.50	2.85	3.91
Taxes on Domestic Goods and Services	61.53	44.66	53.95	104.16	66.03
of Which:					
Stamp Duties	22.85	10.46	17.92	55.40	18.22
Accommodation Tax	15.07	11.36	11.85	20.51	18.58
Licences	12.71	11.76	11.53	11.22	11.93
Taxes on International Trade and Transactions	93.12	65.44	60.46	65.50	71.33
of Which:					
Import Duty	77.81	55.22	51.59	53.41	53.61
Customs Surcharge	4.07	3.07	2.47	11.32	14.72
Embarkation Tax	5.59	4.74	4.68	0.00	2.12
Non-tax Revenue	49.13	36.74	40.02	24.33	24.03
Current Expenditure	206.74	202.40	186.27	173.85	170.41
Personal Emoluments	83.89	90.74	88.62	80.46	79.91
Goods and Services	59.83	48.41	39.23	38.74	38.33
Interest Payments	8.02	8.28	10.97	9.12	8.33
Domestic	7.43	6.60	8.78	2.65	2.42
External	0.59	1.68	2.18	6.47	5.91
Transfers and Subsidies	55.00	54.97	47.45	45.52	43.84
of Which: Pensions	6.40	7.27	8.93	8.11	7.77
Current Account Balance	(2.36)	(54.07)	(30.34)	31.19	8.75
Capital Revenue	9.83	0.00	0.00	0.00	0.00
Capital Grants	9.19	0.00	33.83	0.00	11.64
Capital Expenditure	36.94	10.58	3.13	9.55	9.51
Primary Balance (before grants)	(21.45)	(56.37)	(22.50)	30.76	7.56
Primary Balance (after grants)	(12.26)	(56.37)	11.33	30.76	19.20
Overall Balance (before grants)	(29.47)	(64.65)	(33.47)	21.64	(0.76)
Overall Balance (after grants)	(20.28)	(64.65)	0.37	21.64	10.88
Financing	20.28	64.65	(0.37)	(21.64)	(10.88)
Domestic	3.99	62.71	(113.60)	(21.58)	(6.81)
ECCB (net)	7.43	13.66	(13.90)	(3.12)	4.29
Commercial Banks (net)	5.92	43.93	(162.27)	(4.33)	(9.21)
Other	(9.36)	5.13	62.57	(14.13)	(1.89)
External	16.29	1.93	127.48	(1.06)	(1.05)
Net Disbursements/(Amortisation)	16.29	1.93	127.48	(1.06)	(1.05)
Disbursements	17.31	2.69	148.50	0.00	0.00
Amortisation	(1.02)	(0.75)	(21.02)	(1.06)	(1.05)
Change in Government Foreign Assets	0.00	0.00	0.00	0.00	0.00
Arrears	0.00	0.00	(14.25)	1.00	(3.02)
Domestic	0.00	0.00	(14.25)	1.00	(3.02)
External	0.00	0.00	0.00	0.00	0.00

Source: Treasury Department, Anguilla
Data available at 12 February 2013



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

	2007 ^R	2008 ^R	2009 ^R	2010 ^R	2011 ^R	2012 ^P
Net Foreign Assets	396.29	160.13	37.51	196.43	186.68	185.68
Central Bank (Net)	121.15	110.69	101.14	107.71	101.32	107.44
Commercial Banks (Net)	275.13	49.44	(63.63)	88.71	85.36	78.24
External (Net)	170.72	84.61	36.34	31.54	7.70	12.11
Assets	436.04	327.61	305.08	293.22	224.86	224.43
Liabilities	265.31	243.00	268.75	261.68	217.16	212.33
Other ECCB Territories (Net)	104.41	(35.17)	(99.97)	57.17	77.66	66.14
Assets	201.96	148.94	131.36	168.39	195.69	173.75
Liabilities	97.55	184.11	231.33	111.21	118.03	107.61
Net Domestic Assets	804.48	967.68	1,037.05	865.93	827.87	821.90
Domestic Credit	1,093.71	1,299.37	1,376.39	1,231.92	1,199.04	1,123.56
Central Government (Net)	58.37	71.71	129.30	(46.87)	(54.32)	(57.80)
Other Public Sector (Net)	(129.91)	(139.60)	(162.54)	(133.75)	(160.81)	(184.35)
Private Sector	1,165.25	1,367.26	1,409.62	1,412.54	1,414.16	1,365.72
Household	598.11	679.42	666.85	613.69	594.13	565.42
Business	541.19	668.15	717.99	777.08	794.05	776.95
Non-Bank Financial Institutions	8.96	7.33	6.49	5.69	6.96	5.67
Subsidiaries & Affiliates	16.99	12.36	18.30	16.08	19.02	17.68
Other Items (Net)	(289.23)	(331.69)	(339.34)	(365.99)	(371.17)	(301.66)
Monetary Liabilities (M2)	1,200.76	1,127.81	1,074.55	1,062.36	1,014.55	1,007.59
Money Supply (M1)	56.66	54.02	49.48	42.09	45.43	42.62
Currency with the Public	12.44	15.39	16.40	11.62	11.22	11.19
Demand Deposits	42.73	37.47	31.95	28.55	31.78	29.93
EC\$ Cheques and Drafts Issued	1.49	1.17	1.13	1.92	2.43	1.51
Quasi Money	1,144.10	1,073.79	1,025.08	1,020.27	969.12	964.96
Savings Deposits	96.34	101.13	101.18	102.16	98.41	106.24
Time Deposits	100.97	68.45	102.41	118.74	124.48	127.03
Foreign Currency Deposits	946.79	904.21	821.49	799.37	746.24	731.69

Source: Eastern Caribbean Central Bank

Table 14
Anguilla - Selected Tourism Statistics

	2008	2009	2010	2011	2012
Total Visitor Arrivals	127,862	112,115	118,716	123,558	129,391
Stay-Over Arrivals	68,284	57,891	61,998	65,783	64,698
Of Which:					
USA	40,202	34,073	38,882	42,829	41,795
Canada	2,074	2,032	2,403	2,823	3,291
UK	3,816	2,947	2,914	3,118	2,599
Caribbean	14,748	12,924	11,837	10,954	9,701
Other Countries	7,444	5,915	5,962	6,059	7,312
Excursionists	59,578	54,224	56,718	57,775	64,693
Total Visitor Expenditure (EC\$M)	294.36	253.15	268.38	301.70	304.11

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

Data available at 12 February 2013



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

	2008	2009	2010	2011	2012
Current Account	(551.66)	(258.12)	(136.73)	(99.21)	(120.86)
Goods and Services	(513.06)	(227.40)	(159.61)	(127.00)	(116.34)
Goods	(614.76)	(338.86)	(322.32)	(328.76)	(329.27)
Merchandise	(614.68)	(339.14)	(322.40)	(328.97)	(329.50)
Repair on goods	0.01	0.01	0.19	0.07	0.07
Goods procured in ports by carriers	(0.08)	0.26	(0.11)	0.14	0.16
Services	101.70	111.46	162.71	201.76	212.93
Transportation	(80.30)	(46.30)	(36.13)	(27.39)	(26.50)
Travel	247.40	209.66	232.92	266.57	269.96
Insurance Services	(10.96)	(6.94)	(5.14)	(5.71)	(5.78)
Other Business Services	(60.05)	(50.73)	(33.93)	(34.86)	(27.96)
Government Services	5.60	5.76	4.99	3.16	3.20
Income	(22.44)	(17.48)	7.28	0.17	(1.94)
Compensation of Employees	5.73	8.32	11.04	7.47	7.68
Investment Income	(28.17)	(25.79)	(3.77)	(7.30)	(9.61)
Current Transfers	(16.16)	(13.24)	15.60	27.62	(2.58)
General Government	3.91	1.61	23.82	45.09	1.35
Other Sectors	(20.07)	(14.85)	(8.22)	(17.47)	(3.94)
Capital and Financial Account	541.20	248.57	143.30	92.82	126.98
Capital Account	44.20	31.04	43.62	24.82	36.87
Capital Transfers	44.20	31.04	43.62	24.82	36.87
General Government	9.19	0.00	11.56	0.08	11.64
Other Sectors	35.01	31.04	32.06	24.74	25.23
Acquisition & Disposal of Non-Produced Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
Financial Account	497.00	217.53	99.68	68.00	90.11
Direct Investment	266.53	117.68	30.78	102.92	49.17
Portfolio Investment	14.69	(9.30)	(4.16)	(3.43)	(3.33)
Other Investments	215.77	109.14	73.07	(31.49)	44.27
Public Sector Long Term	17.74	(0.95)	123.83	(1.44)	(0.55)
Other Public Sector Capital	0.00	0.00	0.00	0.00	0.00
Commercial Banks	225.70	113.07	(152.34)	3.35	7.12
Other Assets	(64.88)	(23.55)	96.94	(16.69)	(14.11)
Other Liabilities ^{1/}	37.22	20.57	4.64	(16.71)	51.81
Overall Balance	(10.46)	(9.55)	6.57	(6.39)	6.12
Financing	10.46	9.55	(6.57)	6.39	(6.12)
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	10.46	9.55	(6.57)	6.39	(6.12)

Source: Anguilla Statistics Department, Ministry of Finance, Economic Development, Investment, Commerce and Tourism and Eastern Caribbean Central Bank

Data available at 12 February 2013

^{1/} Includes errors & omissions



Table 16
Antigua and Barbuda - Selected Economic Indicators

	2008	2009	2010	2011	2012
<i>(Annual Percentage Change Unless Otherwise Indicated)</i>					
National Income and Prices					
Nominal GDP at Basic Prices	6.04	(9.07)	(7.28)	(1.12)	3.84
Real GDP at Basic Prices	1.54	(10.67)	(8.53)	(2.96)	1.59
GDP Deflator	4.43	1.79	1.37	1.90	2.22
Consumer Prices (end of period)	0.73	2.40	2.92	4.04	1.84
Consumer Prices (period average)	5.33	(0.55)	3.37	3.46	3.38
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	2.98	(1.20)	10.87	5.75	3.66
Fishing	(13.06)	(23.63)	(7.15)	2.00	1.50
Mining and Quarrying	0.29	(25.37)	(18.56)	(19.30)	14.36
Manufacturing	(9.14)	10.61	(8.81)	(6.49)	2.00
Electricity and Water	5.66	1.43	1.10	8.02	(2.49)
Construction	0.60	(9.23)	(34.92)	(21.80)	2.18
Wholesale and Retail Trade	4.92	(26.64)	(7.22)	(9.00)	2.00
Hotels and Restaurants	2.32	(8.06)	(1.13)	4.36	1.33
Transport, Storage and Communications	(0.39)	(14.39)	(7.37)	(0.93)	1.43
Transport	(3.55)	(18.64)	(6.85)	(4.96)	1.39
Communication	5.38	(7.27)	(8.15)	5.06	1.50
Financial Intermediation	5.47	(10.67)	(4.72)	(0.74)	(1.37)
Real Estate, Renting and Business Activities	(1.07)	0.72	6.15	3.74	1.34
Public Administration, Defence & Compulsory Social Security	4.71	(4.66)	(6.64)	(1.66)	2.97
Education	(5.42)	(1.60)	(10.24)	(0.07)	3.10
Health and Social Work	(5.59)	2.00	1.06	(3.00)	2.73
Other Services	(5.06)	6.93	3.77	(0.62)	1.16
FISIM	(10.31)	8.02	(2.40)	(4.78)	(2.28)
Import Cover Ratio	2.69	1.38	2.11	1.88	1.86
<i>(In percent of GDP)</i>					
External Sector					
Current Account Balance	(25.87)	(14.02)	(14.72)	(10.79)	(6.68)
Overall Balance	(0.43)	(0.84)	1.06	0.99	0.68
Merchandise Trade Balance	(45.76)	(35.60)	(35.78)	(34.28)	(30.37)
Public Sector External Debt (end-of-period)	32.35	34.46	38.00	41.48	37.83
Central Government					
Current Account Balance	(0.83)	(5.71)	(1.20)	(3.90)	(0.78)
Current Revenue	20.23	18.29	20.86	19.64	20.36
Current Expenditure	21.06	24.00	22.06	23.54	21.14
Capital Expenditure and Net Lending	6.18	5.37	1.75	2.22	0.66
Overall Fiscal Balance	(6.07)	(11.00)	(1.38)	(5.27)	(1.37)
<i>(in percent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	3.34	3.31	3.23	3.08	3.01
Weighted Lending Interest Rates	10.11	8.93	10.27	10.16	9.48
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at Basic Prices	3,116.99	2,834.40	2,628.09	2,598.74	2,698.53
Real GDP at Basic Prices	2,877.56	2,570.64	2,351.40	2,281.69	2,317.87
Nominal GDP at Market Prices	3,637.84	3,257.31	3,065.96	3,036.38	3,176.14
GDP per capita (EC\$)	41,572.52	36,542.30	33,765.66	32,827.55	33,709.49
Merchandise Imports (f.o.b)	1,758.76	1,265.12	1,190.92	1,119.33	1,042.86
Merchandise Exports (f.o.b)	94.09	105.60	94.04	78.38	78.32
Gross Visitor Expenditure	901.71	823.81	803.90	841.77	861.30

Source: Statistics Division, Ministry of Finance, The Economy and Public Administration, Antigua and Barbuda and Eastern Caribbean Central Bank

Data as at 12 February 2013



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

	2008	2009	2010	2011	2012
Current Revenue	736.01	595.85	639.58	596.32	646.64
Tax Revenue	692.36	573.39	576.45	551.36	604.21
Taxes on Income and Profit	111.46	98.01	92.44	69.67	77.32
of which:					
Personal Income	46.90	35.75	33.39	34.39	41.89
Corporation	63.45	61.96	58.77	34.32	35.42
Taxes on Property	14.11	14.85	17.72	16.04	20.15
Taxes on Domestic Goods and Services	321.58	252.57	222.78	234.64	275.42
of which:					
Antigua and Barbuda Sales Tax	237.77	203.82	179.25	196.98	227.49
Stamp Duties	59.49	29.52	31.29	29.02	39.07
Taxes on International Trade and Transactions	245.21	207.95	243.51	231.00	231.33
of which:					
Import Duty	97.52	78.87	79.13	78.37	81.02
Consumption Tax	19.80	25.51	30.86	33.19	30.94
Embarkation Tax	12.72	10.40	14.00	15.62	13.46
Passenger Facility Charge	9.87	10.52	21.67	16.54	15.64
Revenue Recovery Charge	0.00	0.00	0.00	68.26	70.47
Non-Tax Revenue	43.65	22.46	63.13	44.96	42.43
Current Expenditure	766.27	781.74	676.23	714.67	671.49
Personal Emoluments	300.38	290.66	272.58	263.89	273.81
Goods and Services	185.00	171.04	125.49	125.74	113.75
Interest Payments	102.57	95.65	72.64	77.26	80.02
Domestic	32.36	39.62	54.76	44.76	64.40
External	70.21	56.03	17.88	32.50	15.63
Transfers and Subsidies	178.31	224.40	205.52	247.78	203.90
of Which: Pensions	57.96	72.49	70.00	64.82	70.66
Current Account Balance	(30.25)	(185.89)	(36.65)	(118.36)	(24.85)
Capital Revenue	4.31	2.51	2.97	2.98	2.21
Grants	30.00	0.00	44.91	22.86	0.00
of which: Capital Grants	30.00	0.00	13.03	22.86	0.00
Debt Forgiveness	0.00	0.00	0.00	0.00	0.00
Capital Expenditure	225.00	175.03	53.64	67.55	20.89
Primary Balance (after grants)	(118.37)	(262.76)	30.24	(82.80)	36.49
Overall Balance (before grants)	(250.95)	(358.40)	(87.32)	(182.92)	(43.53)
Overall Balance (after grants)	(220.95)	(358.40)	(42.40)	(160.06)	(43.53)
Financing	220.95	358.40	42.40	160.06	43.53
Domestic	150.71	177.64	(78.79)	163.68	15.72
ECCB (net)	14.18	77.56	(31.94)	37.75	4.83
Commercial Banks (net)	207.91	50.12	(99.73)	38.01	9.74
Other	(71.39)	49.97	52.87	87.91	1.15
External	(28.47)	96.08	139.54	38.48	35.39
Net Disbursements/(Amortisation)	(28.47)	96.08	96.95	38.83	26.51
Disbursements	85.16	145.25	169.52	98.74	72.48
Amortisation	(113.62)	(49.17)	(72.56)	(59.91)	(45.97)
Change in Govt. Foreign Assets	0.00	0.00	42.58	(0.35)	8.88
Arrears	98.71	84.68	(1172.05)	(42.10)	(108.26)
Domestic	3.71	53.41	(910.51)	(41.32)	(15.46)
External	95.00	31.26	(261.54)	(0.78)	(92.80)
Other Financing	0.00	0.00	1153.71	0.00	100.69

Source: Ministry of Finance, Treasury Department and ECCB Estimates

Data available at 20 March 2012



Table 18
Antigua and Barbuda - Monetary Survey
(EC\$M at end of period)

	2007 ^R	2008 ^R	2009 ^R	2010 ^R	2011 ^R	2012 ^F
Net Foreign Assets	887.78	550.66	379.77	417.94	352.93	457.77
Central Bank (Net)	388.34	372.61	292.26	367.42	397.21	427.70
Commercial Banks (Net)	499.44	178.06	87.51	50.52	(44.28)	30.07
External (Net)	486.72	199.88	(128.10)	(132.03)	(222.01)	(299.26)
Assets	1,466.62	1,163.07	1,147.18	502.29	1,331.69	966.07
Liabilities	979.90	963.19	1,275.28	634.31	1,553.70	1,265.33
Other ECCB Territories (Net)	12.73	(21.82)	215.61	182.55	177.73	329.33
Assets	733.49	791.88	862.87	969.69	1,189.23	1,310.36
Liabilities	720.77	813.70	647.26	787.15	1,011.50	981.04
Net Domestic Assets	2,067.32	2,470.29	2,425.46	2,396.36	2,447.23	2,332.34
Domestic Credit	2,366.00	2,735.00	3,033.76	2,942.84	2,845.00	2,698.80
Central Government (Net)	242.15	464.25	591.93	460.26	536.03	550.60
Other Public Sector (Net)	(220.55)	(289.01)	(97.72)	(61.68)	(124.27)	(216.53)
Private Sector	2,344.40	2,559.77	2,539.55	2,544.26	2,433.24	2,364.73
Household	1,202.04	1,327.04	1,320.25	1,324.22	1,234.30	1,281.87
Business	1,081.49	1,139.80	1,142.74	1,128.51	1,119.41	998.20
Non-Bank Financial Institutions	45.06	31.21	16.11	19.24	20.55	29.58
Subsidiaries & Affiliates	15.82	61.72	60.45	72.30	58.98	55.09
Other Items (Net)	(298.68)	(264.71)	(608.30)	(546.48)	(397.77)	(366.46)
Monetary Liabilities (M2)	2,955.10	3,020.96	2,805.23	2,814.30	2,800.15	2,790.11
Money Supply (M1)	740.62	758.03	630.02	618.89	603.09	554.01
Currency with the Public	133.88	142.89	146.13	137.74	130.06	121.73
Demand Deposits	571.49	577.12	459.62	448.15	447.29	413.33
EC\$ Cheques and Drafts Issued	35.25	38.03	24.26	33.00	25.74	18.95
Quasi Money	2,214.49	2,262.93	2,175.21	2,195.41	2,197.06	2,236.10
Savings Deposits	902.47	934.84	960.27	964.93	995.61	1082.44
Time Deposits	972.91	1057.43	1000.24	989.33	995.61	978.83
Foreign Currency Deposits	339.10	270.67	214.71	241.15	205.84	174.83

Source: Eastern Caribbean Central Bank

Data available as at 15 February 2013

Table 19
Antigua and Barbuda - Selected Tourism Statistics

	2008	2009	2010	2011	2012
Total Visitor Arrivals	887,877	965,431	812,859	870,240	842,693
Stay-Over Arrivals	265,844	234,410	229,943	241,331	246,926
of which:					
USA	84,032	82,068	81,598	84,832	93,214
Canada	13,189	12,947	17,818	22,403	24,185
UK	89,514	73,251	66,623	69,184	68,677
Caribbean	52,954	41,546	37,505	37,887	32,680
Other Countries	4,209	2,967	2,876	3,030	9,843
Cruise Ship Passengers ¹	596,120	709,795	557,030	604,506	567,707
Cruise Calls ²	317	367	304	328	333
Yacht Passengers	25,913	21,226	25,886	24,403	28,060
Yacht Calls	3,671	3,761	4,078	3,180	3,803
Total Visitor Expenditure (EC\$M)	901.71	823.81	803.90	841.77	861.30

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

¹ includes Excursionists

² Includes Windjammer Calls

Data available at 12 February 2013



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

	2008	2009	2010	2011	2012
CURRENT ACCOUNT	(940.98)	(456.54)	(451.19)	(327.77)	(212.02)
Goods and Services	(853.69)	(391.10)	(418.76)	(278.50)	(168.87)
Goods	(1,631.96)	(1,155.86)	(1,102.05)	(1,010.59)	(934.24)
Merchandise	(1,664.67)	(1,159.52)	(1,096.89)	(1,040.95)	(964.54)
Repair on goods	0.19	0.19	0.00	0.00	0.00
Goods procured in ports by carriers	32.52	3.48	(5.17)	30.36	30.30
Services	778.27	764.76	683.29	732.09	765.38
Transportation	114.18	183.18	131.31	116.08	132.38
Travel	744.13	679.18	667.18	709.38	722.29
Insurance Services	(101.97)	(102.53)	(71.94)	(53.89)	(52.14)
Other Business Services	20.12	1.56	(46.44)	(51.30)	(48.72)
Government Services	1.82	3.36	3.18	11.82	11.57
Income	(164.93)	(137.39)	(85.02)	(118.56)	(112.33)
Compensation of Employees	25.09	23.09	20.78	20.58	20.85
Investment Income	(190.02)	(160.48)	(105.80)	(139.14)	(133.17)
Current Transfers	77.63	71.95	52.59	69.30	69.18
General Government	17.84	9.72	12.42	18.40	18.50
Other Sectors	59.79	62.23	40.17	50.90	50.68
CAPITAL & FINANCIAL ACCOUNT	925.25	429.10	483.75	357.91	233.64
Capital Account	40.00	10.24	54.94	22.64	39.52
Capital Transfers	40.00	10.24	54.94	22.64	39.52
General Government	30.00	1.24	44.74	12.65	29.17
Other Sectors	10.00	9.00	10.20	10.00	10.35
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
Financial Account	885.25	418.86	428.81	335.26	194.11
Direct Investment	428.72	217.75	261.03	175.93	191.32
Portfolio Investment	29.15	(12.56)	(20.36)	27.39	18.17
Other Investments	427.38	213.68	188.13	131.94	(15.38)
Public Sector Long Term	4.84	104.53	398.70	80.50	56.36
Other Public Sector Capital	0.00	0.00	0.00	0.00	0.00
Commercial Banks	321.39	90.55	36.99	94.80	(74.35)
Other Assets	(114.35)	(57.34)	49.45	(1.07)	110.03
Other Liabilities *	215.51	75.94	(297.00)	(42.29)	(107.43)
Overall Balance	(15.73)	(27.44)	32.56	30.14	21.62
Financing	15.73	27.44	(32.56)	(30.14)	(21.62)
Change in SDR holdings	0.00	(52.91)	51.12	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	(8.53)	(0.35)	8.88
Change in Imputed Reserves	15.73	80.35	(75.16)	(29.79)	(30.50)

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 12 February 2013



Table 21
Dominica - Selected Economic Indicators

	2008	2009	2010	2011	2012
<i>(Annual Percentage Change Unless Otherwise Indicated)</i>					
National Income and Prices					
Nominal GDP at Basic Prices	9.54	7.00	(1.98)	1.23	1.61
Real GDP at Basic Prices	7.79	(0.79)	0.72	1.91	(0.53)
GDP Deflator	1.62	7.85	(2.68)	(0.67)	2.15
Consumer Prices (end of period)	2.10	3.00	0.20	2.00	2.00
Consumer Prices (period average)	6.40	0.00	2.90	1.30	1.40
<i>Real GDP at Basic Prices by Selected Sectors</i>					
Agriculture, Livestock and Forestry	14.97	1.38	(7.69)	5.06	(0.38)
Fishing	(14.90)	3.88	(17.51)	11.78	2.50
Manufacturing	(12.23)	(2.62)	(1.46)	(5.95)	8.00
Mining and Quarrying	25.22	(47.17)	(5.00)	10.00	(2.00)
Electricity and Water	2.08	6.83	5.77	(0.81)	1.09
Construction	32.60	(7.27)	8.70	4.45	(3.99)
Wholesale and Retail Trade	15.27	4.72	0.04	(1.02)	(6.00)
Hotels and Restaurants	1.60	(4.05)	0.52	6.09	(0.82)
Transport, Storage and Communications	7.88	(6.13)	(1.15)	2.56	0.09
Transport and Storage	8.05	(6.96)	(1.26)	4.14	(1.11)
Communications	7.66	(5.04)	(1.01)	0.52	1.70
Financial Intermediation	3.38	0.45	3.18	(0.54)	1.72
Real Estate, Renting and Business Activities	1.89	2.56	0.29	0.62	0.68
Public Administration, Defence & Compulsory Social Security	(2.65)	5.70	2.31	6.00	1.20
Education	6.86	0.23	5.26	(0.27)	1.37
Health and Social Work	2.22	3.63	6.06	2.14	1.14
Other Services	(2.85)	0.30	0.48	14.23	0.55
FISIM	(0.12)	5.14	5.14	0.78	4.00
Import Cover Ratio	4.45	5.11	4.65	4.52	6.04
<i>(In percent of GDP)</i>					
External Sector					
Current Account Balance	(28.73)	(22.66)	(17.15)	(14.97)	(11.46)
Overall Balance	(0.74)	4.30	0.26	1.33	1.22
Merchandise Trade Balance	(39.23)	(34.06)	(34.62)	(35.49)	(30.35)
Public Sector External Debt (end-of-period)	50.62	45.04	49.74	50.82	55.71
Central Government					
Current Account Balance	3.45	4.73	2.73	2.27	0.87
Current Revenue	27.67	26.89	27.44	27.78	26.97
Current Expenditure	24.22	22.16	24.71	25.51	26.10
Capital Expenditure and Net Lending	12.55	11.58	12.26	13.69	13.29
Overall Fiscal Balance	(2.67)	(2.08)	(6.37)	(8.84)	(12.20)
<i>(in percent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	3.22	3.20	3.26	3.14	3.01
Weighted Lending Interest Rates	8.88	9.99	8.95	8.77	9.03
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at Basic Prices	999.28	1,069.21	1,048.08	1,060.98	1,078.04
Real GDP at Basic Prices	965.18	957.52	964.42	982.85	977.67
Nominal GDP at Market Prices	1,220.84	1,301.84	1,282.19	1,286.48	1,295.02
GDP per capita (EC\$)	17,006.88	18,011.52	17,391.81	18,045.03	18,074.57
Merchandise Imports (f.o.b)	586.92	535.21	531.69	537.13	493.31
Merchandise Exports (f.o.b)	107.98	91.81	87.83	80.57	100.32
Gross Visitor Expenditure	205.68	213.28	256.78	304.66	296.32

Source: Central Statistical Office, Dominica and Eastern Caribbean Central Bank
Data as at 12 February 2013



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

	2008	2009	2010	2011	2012
Current Revenue	337.77	350.07	351.88	357.38	349.32
Tax Revenue	307.36	320.57	327.94	311.92	302.68
Taxes on Income and Profits	52.22	55.94	62.40	55.88	56.83
of which:					
Personal Income Tax	34.95	32.07	29.65	33.58	31.69
Corporation Tax	19.80	26.35	33.62	24.53	27.51
Taxes on Property	10.32	9.14	8.65	8.03	6.29
Taxes on Domestic Goods and Services	176.08	185.93	184.03	177.93	179.63
of which:					
Value Added Tax (VAT)	114.32	124.86	123.05	118.38	125.25
Licenses	18.55	18.14	18.01	17.69	17.71
Excise Tax	40.98	40.71	39.87	39.14	34.30
Taxes on International Trade and Transaction	68.73	69.56	72.86	70.08	59.92
of which:					
Import Duty	36.26	33.65	39.42	38.40	33.62
Customs Service Charge	15.94	17.47	15.75	15.39	13.37
Environmental Levy	7.40	8.12	9.27	9.57	7.45
Non-Tax Revenue	30.42	29.50	23.94	45.46	46.65
Current Expenditure	295.64	288.45	316.84	328.15	338.01
Personal Emoluments	120.15	125.69	127.71	138.86	134.78
Goods and Services	87.34	84.37	99.29	97.29	91.88
Interest Payments	24.49	14.06	21.01	24.61	43.27
Domestic	5.68	4.20	8.03	7.04	10.46
External	18.81	9.86	12.99	17.57	32.80
Transfers and Subsidies	63.65	64.33	68.84	67.39	68.09
of which: Pensions	15.12	17.12	15.08	16.58	16.91
Current Account Balance	42.13	61.62	35.03	29.23	11.32
Capital Revenue	0.38	0.40	1.63	1.47	0.97
Grants	78.18	61.73	38.88	31.65	1.85
of which: Capital Grants	78.18	61.73	38.88	31.65	1.85
Capital Expenditure and Net Lending	153.24	150.76	157.18	176.13	172.10
of which: Capital Expenditure	154.31	151.75	159.08	176.62	170.98
Primary Balance	(8.06)	(12.96)	(60.62)	(89.17)	(114.70)
Overall Balance	(32.55)	(27.01)	(81.63)	(113.78)	(157.97)
Financing	32.55	27.01	81.63	113.78	157.97
Domestic	92.31	(1.94)	33.43	79.11	80.34
ECCB (net)	(8.81)	(9.32)	6.40	2.22	(18.86)
Commercial Banks (net)	4.85	18.78	(9.75)	16.71	44.93
Other	96.27	(11.40)	36.77	60.19	54.27
External	(8.50)	34.39	47.43	31.25	88.38
Net Amortisation/(Amortisation)	(3.13)	31.98	45.55	27.13	59.74
Disbursements	15.55	44.92	55.59	40.03	85.54
Amortisation	(18.68)	(12.94)	(10.04)	(12.90)	(25.80)
Change in Government Foreign Assets	(5.37)	2.42	1.88	4.12	28.63
Arrears	(51.26)	(5.44)	0.77	3.42	(10.75)
Domestic	(6.52)	(4.19)	(1.70)	3.40	(10.40)
External	(44.73)	(1.25)	2.47	0.02	(0.35)

Source: Ministry of Finance and Eastern Caribbean Central Bank
Data as at 12 February 2013



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

	2007 ^R	2008 ^R	2009 ^R	2010 ^R	2011 ^R	2012 ^P
Net Foreign Assets	471.33	504.29	558.00	536.16	456.73	542.46
Central Bank (Net)	163.21	148.78	174.06	179.31	201.03	245.44
Commercial Banks (Net)	308.11	355.52	383.94	356.85	255.69	297.02
External (Net)	108.59	35.60	48.87	19.12	(17.76)	8.99
Assets	303.64	238.07	232.48	182.73	166.40	252.95
Liabilities	195.05	202.47	183.61	163.60	184.16	243.97
Other ECCB Territories (Net)	199.52	319.92	335.07	337.73	273.45	288.03
Assets	276.41	398.90	427.58	430.88	393.05	333.42
Liabilities	76.89	78.98	92.51	93.16	119.60	45.38
Net Domestic Assets	378.10	380.70	415.02	474.07	577.23	595.89
Domestic Credit	437.91	470.22	513.04	577.10	652.86	687.53
Central Government (Net)	(53.67)	(57.63)	(48.17)	(51.51)	(32.58)	(6.51)
Other Public Sector (Net)	(73.47)	(84.03)	(93.13)	(87.57)	(77.92)	(102.44)
Private Sector	565.05	611.87	654.34	716.19	763.35	796.48
Household	367.14	383.36	389.51	409.39	422.83	443.08
Business	191.71	222.29	256.44	298.64	329.52	332.64
Non-Bank Financial Institution:	2.17	2.20	1.79	1.58	4.44	14.20
Subsidiaries & Affiliates	4.03	4.03	6.60	6.57	6.57	6.57
Other Items (Net)	(59.80)	(89.52)	(98.02)	(103.03)	(75.63)	(91.64)
Monetary Liabilities (M2)	849.43	884.99	973.03	1,010.23	1,033.96	1,138.35
Money Supply (M1)	201.32	187.29	202.00	192.20	189.77	227.83
Currency with the Public	49.03	43.91	50.68	46.46	47.00	45.61
Demand Deposits	147.43	139.54	147.68	140.85	140.17	175.67
EC\$ Cheques and Drafts Issued	4.87	3.84	3.64	4.89	2.60	6.56
Quasi Money	648.11	697.71	771.02	818.02	844.19	910.52
Savings Deposits	445.19	473.29	520.53	533.91	564.18	628.20
Time Deposits	192.71	208.85	236.27	254.06	256.21	248.77
Foreign Currency Deposits	10.21	15.57	14.22	30.06	23.80	33.55

Source: Eastern Caribbean Central Bank
Data available as at 15 February 2013

Table 24
Dominica - Selected Tourism Statistics

	2008	2009	2010	2011	2012
Total Visitors	467,740	595,869	597,935	423,424	353,166
Stay-Over Visitors	75,052	69,042	70,618	70,821	73,298
USA	14,458	12,311	13,367	13,095	14,153
Canada	3,346	2,618	2,858	2,986	3,061
UK	7,211	4,354	4,601	4,622	4,654
Caribbean	41,091	40,524	41,899	41,210	41,396
Other Countries	8,946	9,235	7,893	8,908	10,034
Excursionists	915	890	784	764	1,927
Yachts Passengers	11,102	9,532	8,554	10,338	11,763
Cruise Ship Passengers	380,671	516,405	517,979	341,501	266,178
	381,586	517,295	518,763	342,265	268,105
Number of Cruise Ship Calls	211	263	272	196	183
Total Visitor Expenditure (EC\$M)	205.68	213.28	256.78	304.66	296.32

Sources: Central Statistical Office, Discover Dominica Authority and Eastern Caribbean Central Bank
Data as at 12 February 2013



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

	2007	2008	2009	2010	2011	2012
Current Account	(234.76)	(350.69)	(295.06)	(219.86)	(192.64)	(148.35)
Goods and Services	(238.92)	(352.59)	(309.74)	(247.58)	(208.69)	(146.62)
Goods	(359.98)	(468.42)	(435.80)	(438.45)	(449.04)	(383.64)
Merchandise	(367.19)	(478.93)	(443.39)	(443.86)	(456.55)	(392.99)
Repair on goods	0.00	0.00	0.00	0.01	0.00	0.00
Goods procured in ports by carriers	7.21	10.51	7.59	5.40	7.51	9.35
Services	121.06	115.84	126.06	190.86	240.36	237.02
Transportation	(73.79)	(81.00)	(75.49)	(73.12)	(74.47)	(72.13)
Travel	172.53	175.60	178.81	222.97	271.63	261.98
Insurance Services	(16.20)	(15.44)	(13.51)	(14.26)	(10.58)	(9.90)
Other Business Services	38.68	34.41	26.39	45.15	25.38	25.68
Government Services	(0.15)	2.26	9.86	10.13	28.38	31.39
Income	(52.96)	(49.51)	(36.87)	(25.49)	(28.48)	(46.23)
Compensation of Employees	2.52	2.48	2.86	3.07	2.19	2.22
Investment Income	(55.48)	(51.99)	(39.73)	(28.56)	(30.67)	(48.45)
Current Transfers	57.11	51.41	51.55	53.22	44.53	44.50
General Government	(0.91)	(0.16)	0.81	1.75	(5.54)	(5.82)
Other Sectors	58.03	51.56	50.73	51.47	50.07	50.32
Capital and Financial Account	231.19	341.62	351.10	223.23	209.81	164.12
Capital Account	156.53	155.41	118.75	90.37	51.27	44.44
Capital Transfers	156.53	155.41	118.75	90.37	51.27	44.44
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00	0.00
Financial Account	74.66	186.21	232.35	132.86	158.53	119.67
Direct Investment	109.31	152.68	114.54	65.72	38.32	53.05
Portfolio Investment	4.62	(8.89)	0.99	(14.87)	(5.43)	10.06
Other Investments	(39.27)	42.42	116.83	82.00	125.64	56.56
Public Sector Long Term	(17.98)	(9.13)	21.73	60.09	26.88	67.63
Other Public Sector Capital	0.00	0.00	0.00	0.00	0.00	0.00
Commercial Banks	(50.89)	(47.41)	(28.43)	27.10	101.15	(41.33)
Other Assets	(30.22)	(13.73)	10.40	(24.10)	(10.86)	(34.61)
Other Liabilities *	59.82	112.69	113.13	18.92	8.47	64.88
Overall Balance	(3.57)	(9.07)	56.04	3.37	17.17	15.77
Financing	3.57	9.07	(56.04)	(3.37)	(17.17)	(15.77)
Change in SDR holdings	0.00	0.00	(33.18)	0.00	0.43	0.00
Change in Reserve Position with the Fund	0.00	0.00	0.00	0.00	0.00	0.00
Change in Government Foreign Assets	(3.37)	(5.37)	2.42	1.88	4.12	28.63
Change in Imputed Reserves	6.94	14.44	(25.28)	(5.25)	(21.72)	(44.40)

Source: Central Statistical Office, Dominica and Eastern Caribbean Central Bank

* includes errors & omissions

Data as at 12 February 2013



Table 26
Grenada - Selected Economic Indicators

	2008	2009	2010	2011	2012 ^P
<i>(annual percentage change unless otherwise stated)</i>					
National Income and Prices					
Nominal GDP at Basic Prices	9.67	(5.64)	(1.71)	0.82	1.53
Real GDP at Basic Prices	1.69	(5.68)	(1.86)	0.41	(0.48)
GDP Deflator	7.85	0.04	0.15	0.41	2.01
Consumer Prices (end of period)	5.17	(2.35)	4.21	3.52	1.81
Consumer Prices (period average)	8.03	(0.31)	3.44	3.03	2.41
Real GDP at Basic Prices by Selected Sectors					
Agriculture , Livestock and Forestry	10.77	20.99	(12.08)	3.07	6.03
Fishing	7.25	(7.79)	9.76	(11.58)	19.21
Mining and Quarrying	(2.45)	(19.57)	(44.20)	(28.32)	(24.65)
Manufacturing	(4.93)	(5.27)	3.89	(0.20)	0.35
Electricity and Water	3.52	1.23	(0.61)	1.11	(1.50)
Construction	(7.04)	(31.57)	(0.95)	(6.60)	(14.88)
Wholesale and Retail Trade	0.02	(16.80)	(0.37)	0.56	(3.00)
Hotels and Restaurants	2.97	(12.25)	(13.62)	6.41	(1.20)
Transport, Storage and Communications	(1.98)	(9.75)	(4.01)	(2.60)	(1.21)
Transport	(3.35)	(13.28)	(3.03)	(2.87)	(1.70)
Communications	0.31	(4.07)	(5.44)	(2.20)	(0.50)
Financial Intermediation	(2.17)	0.73	(7.48)	4.14	(3.68)
Real Estate, Renting and Business Activities	(0.06)	(1.06)	0.92	1.04	0.51
Public Administration, Defence & Compulsory Social Security	3.55	3.13	5.73	2.99	2.77
Education	15.96	5.52	(2.01)	1.54	3.96
Health and Social Work	0.26	2.35	13.83	2.79	(0.63)
Other Services	2.31	(4.59)	(0.66)	(0.09)	(0.20)
FISIM	3.60	(1.57)	(2.40)	(5.28)	1.35
Import Cover Ratio	3.90	4.99	4.03	3.71	3.49
<i>(in per cent of GDP)</i>					
External Sector					
Current Account Balance	(30.50)	(25.56)	(26.32)	(26.20)	(27.16)
Overall Balance	(0.95)	3.35	(1.25)	0.26	(0.25)
Merchandise Trade Balance	(37.35)	(30.30)	(33.71)	(33.48)	(33.35)
Public Sector External Debt (end-of-period)	58.28	66.43	69.90	74.91	76.68
Central Government					
Current Account Balance	2.28	(0.71)	0.31	0.23	(1.54)
Current Revenue	20.83	19.29	19.96	20.21	19.95
Current Expenditure	18.55	20.01	19.66	19.97	21.49
Capital Expenditure and Net Lending	9.59	5.62	5.19	6.24	5.08
Overall Fiscal Balance	(4.99)	(4.93)	(2.44)	(3.15)	(5.64)
<i>(in per cent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	3.16	3.03	2.65	2.86	2.68
Weighted Lending Interest Rates	9.23	10.70	9.46	10.33	9.19
<i>(in millions of EC Dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at Basic Prices	1,934.09	1,824.95	1,793.74	1,808.43	1,836.01
Real GDP at Basic Prices	1,752.71	1,653.15	1,622.46	1,629.07	1,621.24
Nominal GDP at Market Prices	2,230.14	2,082.45	2,078.21	2,106.90	2,131.76
GDP per capita (EC\$)	20,325.00	18,859.35	18,592.99	18,663.03	18,789.35
Merchandise Imports (f.o.b)	914.66	709.77	767.92	784.06	801.96
Merchandise Exports (f.o.b)	81.68	78.81	67.42	78.63	91.06
Gross Visitor Expenditure	341.79	302.10	301.44	315.32	297.91

Source: Statistics Department and ECCB

Data available as at 12 Feb 2013



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

	2008	2009	2010	2011	2012 ^P
Current Revenue	464.51	401.80	414.90	425.71	425.27
Tax Revenue	433.78	379.94	389.89	403.03	403.18
Taxes on Income and Profit	94.56	87.23	73.19	73.89	75.49
of which:					
Personal ¹	23.39	28.22	24.42	25.27	27.95
Corporation ²	71.17	59.01	48.77	48.62	47.54
Taxes on Property	25.96	18.84	17.40	14.92	16.42
Taxes on Domestic Goods and Services	78.66	75.97	178.19	189.79	189.48
of which:					
Value Added Tax	0.00	0.00	140.58	159.94	152.63
Consumption Duty	40.88	37.53	8.78	1.46	0.31
Licenses	17.21	16.36	14.84	15.75	15.51
Taxes on International Trade and Transactions	234.60	197.89	121.12	124.43	121.79
of which:					
Import Duty	56.03	44.32	47.88	49.51	48.04
Consumption Tax	108.06	84.55	6.27	0.27	0.27
Customs Service Charge	44.02	33.33	33.67	37.55	35.66
Non-Tax Revenue	30.74	21.87	25.01	22.67	22.09
Current Expenditure	413.60	416.65	408.55	420.76	458.13
Personal Emoluments	200.81	191.24	199.43	221.59	227.22
Goods and Services	84.68	85.95	91.89	75.09	86.40
Interest Payments	34.88	45.31	43.01	51.60	73.64
Domestic	9.72	14.47	8.80	18.02	23.09
External	25.15	30.84	34.21	33.59	50.55
Transfers and Subsidies	93.24	94.14	74.21	72.48	70.87
of which: Pensions	24.93	23.35	22.67	25.34	26.62
Current Account Balance	50.91	(14.85)	6.36	4.94	(32.86)
Capital Revenue	0.10	0.14	0.17	0.11	0.09
Grants	51.54	29.15	50.65	60.08	20.81
of which:					
Capital Grants	34.80	12.71	33.18	60.07	20.81
Capital Expenditure and Net Lending	213.88	117.07	107.95	131.53	108.36
of which: Capital Expenditure	213.88	117.07	107.95	131.53	108.36
Primary Balance	(76.44)	(57.31)	(7.76)	(14.80)	(46.68)
Overall Balance	(111.32)	(102.62)	(50.77)	(66.40)	(120.32)
Financing	111.32	102.62	50.77	66.40	120.32
Domestic	90.03	90.27	16.20	79.70	113.88
ECCB (net)	1.42	(36.91)	22.75	35.59	(16.64)
Commercial Banks (net)	17.12	12.87	(11.59)	4.79	(45.14)
Other	71.48	114.32	5.04	39.32	175.67
External	21.29	12.35	34.57	(13.30)	(27.80)
Net Disbursements/(Amortisation)	17.29	12.35	34.57	(13.30)	(27.80)
Disbursements	51.36	39.15	72.36	16.44	25.08
Amortisation	(34.07)	(26.80)	(37.79)	(29.74)	(52.88)
Change in Government Foreign Assets	4.00	0.00	0.00	0.00	0.00
Arrears	0.00	0.00	0.00	0.00	34.24
Domestic	0.00	0.00	0.00	0.00	(10.30)
External	0.00	0.00	0.00	0.00	44.54

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

¹ Includes Debt Service Levy

² Includes Business Levy

Data available as at 12 Feb 2013



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

	2007 ^R	2008 ^R	2009 ^R	2010 ^R	2011 ^R	2012 ^P
Net Foreign Assets	405.63	248.79	283.67	242.30	165.83	110.44
Central Bank (Net)	298.21	280.96	303.45	277.46	282.87	277.47
Commercial Banks (Net)	107.42	(32.17)	(19.78)	(35.16)	(117.04)	(167.03)
External (Net)	(35.19)	(130.21)	(140.11)	(194.83)	(245.57)	(263.29)
Assets	388.88	365.91	340.23	285.72	255.14	244.30
Liabilities	424.07	496.12	480.34	480.55	500.71	507.59
Other ECCB Territories (Net)	142.61	98.04	120.34	159.67	128.54	96.26
Assets	255.20	207.35	209.08	228.76	256.73	233.69
Liabilities	112.59	109.30	88.74	69.09	128.19	137.43
Net Domestic Assets	1,297.58	1,518.40	1,536.36	1,595.09	1,683.84	1,751.81
Domestic Credit	1,412.68	1,601.05	1,641.80	1,699.04	1,782.54	1,857.44
Central Government (Net)	104.35	122.89	98.85	110.01	150.40	107.51
Other Public Sector (Net)	(116.83)	(118.52)	(125.80)	(173.12)	(168.17)	(53.29)
Private Sector	1,425.16	1,596.68	1,668.76	1,762.15	1,800.32	1,803.22
Household	886.36	995.69	1,087.57	1,130.90	1,176.17	1,162.76
Business	522.84	567.12	565.41	617.35	608.24	625.56
Non-Bank Financial Institutions	13.41	33.86	15.78	13.91	15.91	14.90
Subsidiaries & Affiliates	2.56	0.00	0.00	0.00	0.00	0.00
Other Items (Net)	(115.10)	(82.66)	(105.44)	(103.95)	(98.70)	(105.63)
Monetary Liabilities (M2)	1,703.20	1,767.19	1,820.03	1,837.39	1,849.67	1,862.25
Money Supply (M1)	393.66	368.82	331.98	341.86	324.53	333.00
Currency with the Public	107.77	103.40	106.66	98.82	108.66	112.88
Demand Deposits	268.43	252.12	217.67	225.70	204.06	211.12
EC\$ Cheques and Drafts Issued	17.45	13.30	7.65	17.35	11.81	9.01
Quasi Money	1,309.55	1,398.37	1,488.05	1,495.53	1,525.14	1,529.25
Savings Deposits	915.83	980.59	1,014.42	1,011.60	1,023.07	1,095.90
Time Deposits	264.47	291.64	339.17	371.18	381.44	339.92
Foreign Currency Deposits	129.25	126.14	134.47	112.76	120.63	93.42

Source: Eastern Caribbean Central Bank
 Data available as at 13 February 2013

Table 29
Grenada - Selected Tourism Statistics

	2008	2009	2010	2011	2012 ^P
Total Visitor Arrivals	426,900	459,210	445,622	429,954	361,545
Stay-Over Arrivals	123,770	109,474	105,419	113,947	112,307
Of Which:					
USA	25,868	24,734	24,590	27,356	30,196
Canada	6,927	6,921	6,992	7,237	7,822
UK	34,635	27,090	25,927	27,236	24,486
Caribbean	28,987	25,739	23,368	26,476	24,838
Other Countries	27,353	24,990	24,542	25,642	24,965
Excursionists	5,688	2,829	2,435	1,972	2,221
Yacht Passengers	4,730	4,055	4,477	4,471	4,563
Cruise Ship Passengers	292,712	342,852	333,291	309,564	242,454
Number of Cruise Ship Calls	217	246	206	198	135
Total Visitor Expenditure (EC\$M)	341.79	302.10	301.44	315.32	297.91

Source: Grenada Board of Tourism and Eastern Caribbean Central Bank
 Data available as at 13 Feb 2013



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

	2008	2009	2010	2011	2012 ^P
Current Account	(680.26)	(532.34)	(547.04)	(552.10)	(578.91)
Goods and Services	(658.62)	(469.38)	(525.45)	(531.51)	(541.51)
Goods	(805.39)	(614.48)	(683.88)	(689.70)	(692.68)
Merchandise	(832.98)	(630.96)	(700.50)	(705.43)	(710.90)
Repair on goods	0.01	0.00	0.00	0.00	0.00
Goods procured in ports by carriers	27.58	16.48	16.62	15.73	18.22
Services	146.77	145.10	158.43	158.18	151.18
Transportation	(119.52)	(93.45)	(96.00)	(95.05)	(97.41)
Travel	311.93	274.09	273.13	287.07	271.97
Insurance Services	(26.16)	(24.91)	(23.78)	(27.42)	(28.11)
Other Business Services	(3.67)	3.37	12.28	12.36	13.72
Government Services	(15.81)	(14.01)	(7.20)	(18.78)	(8.99)
Income	(115.32)	(170.22)	(107.67)	(85.78)	(103.26)
Compensation of Employees	0.51	0.47	0.46	0.44	0.45
Investment Income	(115.83)	(170.69)	(108.13)	(86.22)	(103.71)
Current Transfers	93.68	107.26	86.08	65.19	65.85
General Government	44.04	62.44	40.29	18.89	19.13
Other Sectors	49.64	44.82	45.79	46.30	46.72
Capital and Financial Account	659.01	602.09	521.05	557.51	573.52
Capital Account	110.70	104.42	160.20	140.49	110.99
Capital Transfers	110.70	104.42	160.20	140.49	110.99
Acquisition and Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
Financial Account	548.31	497.66	360.85	417.02	462.53
Direct Investment	364.05	276.90	163.14	115.15	81.62
Portfolio Investment	(0.70)	37.84	7.84	27.16	(17.65)
Other Investments	184.97	182.92	189.87	274.71	398.55
Public Sector Long Term	17.34	70.24	34.13	(15.50)	(28.87)
Other Public Sector Capital	0.00	0.00	0.00	0.00	0.00
Commercial Banks	139.59	(12.39)	15.38	81.88	50.00
Other Assets	(12.30)	39.37	38.15	69.99	123.53
Other Liabilities*	40.34	85.70	102.21	138.34	253.89
Overall Balance	(21.25)	69.75	(25.99)	5.41	(5.40)
Financing	21.25	(69.75)	25.99	(5.41)	5.40
Change in SDR Holdings	0.00	(47.26)	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	4.00	0.00	0.00	0.00	0.00
Change in Imputed Reserves	17.25	(22.49)	25.99	(5.41)	5.40

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

* includes errors and omissions

Data available as at 13 Feb 2013



Table 31
Montserrat - Selected Economic Indicators

	2008	2009	2010	2011	2012
<i>(Annual Percentage Change Unless Otherwise Indicated)</i>					
National Income and Prices					
Nominal GDP at Basic Prices	5.11	4.78	(6.71)	4.65	1.88
Real GDP at Basic Prices	3.25	0.38	(3.84)	1.76	(0.23)
GDP Deflator	5.11	4.78	(6.71)	4.65	1.88
Consumer Prices (end of period)	4.51	2.45	2.55	4.43	3.64
Consumer Prices (period average)	4.90	2.79	2.09	3.67	4.77
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	(18.56)	14.73	(12.39)	28.31	28.12
Fishing	(13.13)	20.81	(33.91)	36.19	12.20
Manufacturing	3.64	(10.19)	(10.55)	(2.49)	(10.00)
Mining and Quarrying	(12.49)	(15.99)	(76.72)	296.49	(34.16)
Electricity and Water	0.94	2.19	5.10	3.34	(2.00)
Construction	3.82	11.74	(12.62)	6.24	(11.91)
Wholesale and Retail Trade	18.72	(9.36)	(23.60)	(3.62)	2.61
Hotels and Restaurants	6.15	(15.17)	4.14	(8.34)	(1.93)
Transport, Storage and Communications	1.50	(5.98)	(21.63)	13.62	(4.12)
Transport and Storage	(1.53)	(10.86)	(37.87)	36.16	(7.90)
Communications	4.73	(1.07)	(6.88)	(0.03)	(1.00)
Financial Intermediation	(2.38)	0.95	(2.33)	0.78	6.74
Real Estate, Renting and Business Activities	0.85	0.59	(0.36)	(0.19)	0.67
Public Administration, Defence & Compulsory Social Security	4.86	4.36	4.77	(0.22)	1.00
Education	(0.03)	(2.94)	3.23	(1.35)	1.19
Health and Social Work	3.89	2.42	4.35	(0.88)	1.08
Other Services	0.79	2.80	(0.48)	1.22	(1.18)
FISIM	(2.83)	21.18	15.04	11.42	2.50
Import Cover Ratio	8.01	11.29	10.88	11.71	14.87
<i>(as a percentage of GDP)</i>					
External Sector					
Current Account Balance	(34.41)	(21.37)	(35.04)	(17.85)	(35.94)
Overall Balance	(4.94)	4.42	4.53	13.72	10.40
Merchandise Trade Balance	(51.52)	(38.55)	(44.83)	(46.27)	(50.06)
Public Sector External Debt (end-of-period)	5.92	5.46	5.51	4.93	4.46
Central Government					
Current Account Balance	(36.64)	(35.65)	(33.01)	(32.99)	(42.54)
Current Revenue	25.99	24.97	25.70	26.19	26.03
Current Expenditure	62.63	60.62	58.71	59.19	68.57
Capital Expenditure and Net Lending	22.97	23.11	19.85	17.67	24.30
Overall Fiscal Balance	(8.71)	3.65	(21.20)	8.37	(7.30)
<i>(per cent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	2.53	2.58	2.59	2.19	2.19
Weighted Lending Interest Rates	9.58	8.75	8.69	8.45	7.98
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at Basic Prices	139.44	146.11	136.30	142.64	145.31
Real GDP at Basic Prices	135.39	135.90	130.68	132.98	132.67
Nominal GDP at Market Prices	154.49	160.53	150.07	157.41	162.95
GDP per capita (EC\$)	28,603.39	28,995.83	27,151.95	28,967.50	29,439.37
Merchandise Imports (f.o.b)	90.56	70.39	69.73	79.40	87.77
Merchandise Exports (f.o.b)	10.96	8.50	2.45	6.57	6.20
Gross Visitor Expenditure	19.02	16.38	15.88	14.01	13.76

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and Eastern Caribbean Central Bank
Data as at 12 February 2013



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

	2008	2009	2010	2011	2012
Current Revenue	40.15	40.08	38.56	41.23	42.42
Tax Revenue	34.43	35.82	33.57	36.64	37.14
Taxes on Income and Profit	14.96	16.83	16.36	18.14	15.55
of which:					
Personal	12.34	13.42	13.49	13.74	12.16
Corporation	2.05	2.74	1.86	3.06	2.78
Taxes on Property	0.99	1.06	0.95	0.78	0.82
Taxes on Domestic Goods and Services	3.72	3.69	2.68	3.17	3.49
of which:					
Insurance Company Levy	0.18	0.22	0.21	0.20	0.36
Stamp Duty and Licenses	2.38	2.53	1.54	1.96	2.15
Taxes on International Trade and Transactions	14.75	14.24	13.58	14.54	17.27
of which:					
Import Duty	4.43	4.20	3.95	4.24	5.67
Consumption Tax	6.24	6.30	6.27	6.48	9.78
Customs Service Charge	3.92	3.47	3.32	3.61	1.27
Non-Tax Revenue	5.72	4.26	4.99	4.59	5.28
Current Expenditure	96.76	97.31	88.10	93.17	111.74
Personal Emoluments	39.23	41.40	42.64	42.72	42.32
Goods and Services	31.49	23.90	18.29	19.78	22.13
Interest Payments	0.10	0.09	0.11	0.04	0.03
Domestic	0.05	0.05	0.08	0.00	0.00
External	0.04	0.04	0.03	0.04	0.03
Transfers and Subsidies	25.94	31.92	27.06	30.63	47.27
of which: Pensions	13.43	0.00	11.99	11.10	29.77
Current Account Balance (before grants)	(56.61)	(57.23)	(49.54)	(51.94)	(69.32)
Current Grants	56.68	60.32	47.52	76.28	54.76
Current Account Balance (after grants)	0.07	3.09	(2.02)	24.34	(14.56)
Capital Grants	21.97	39.87	0.00	16.65	42.27
Capital Expenditure	35.49	37.09	29.79	27.81	39.60
Primary Balance (before grants)	(92.00)	(94.23)	(79.23)	(79.71)	(108.90)
Primary Balance (after grants)	(13.36)	5.96	(31.70)	13.22	(11.86)
Overall Balance (before grants)	(92.10)	(94.32)	(79.33)	(79.75)	(108.92)
Overall Balance (after grants)	(13.45)	5.87	(31.81)	13.18	(11.89)
Financing	13.45	(5.87)	31.81	(13.18)	11.89
Domestic	13.57	(5.75)	31.90	(13.06)	12.01
ECCB (net)	(1.26)	(0.74)	(0.36)	(0.08)	0.01
Commercial Banks (net)	7.42	(0.99)	(6.12)	(27.02)	(9.70)
Other	7.42	(4.02)	38.38	14.03	21.70
External	(0.12)	(0.12)	(0.09)	(0.12)	(0.12)
Net Disbursements/(Amortisation)	(0.12)	(0.12)	(0.09)	(0.12)	(0.12)
Disbursements	0.00	0.00	0.00	0.00	0.00
Amortisation	(0.12)	(0.12)	(0.09)	(0.12)	(0.12)
Change in Govt. Foreign Assets	0.00	0.00	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 and Eastern Caribbean Central Bank

Data available at 12 February 2013



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

	2007 ^R	2008 ^R	2009 ^R	2010 ^R	2011 ^R	2012 ^P
Net Foreign Assets	169.18	165.31	182.89	184.33	229.49	276.18
Central Bank (Net)	39.14	31.51	38.61	45.41	67.00	83.94
Commercial Banks (Net)	130.04	133.80	144.27	138.92	162.50	192.24
External (Net)	49.40	43.61	51.15	37.24	34.99	69.94
Assets	89.78	86.04	90.81	70.04	73.13	121.48
Liabilities	40.37	42.43	39.66	32.80	38.15	51.53
Other ECCB Territories (Net)	80.64	90.19	93.12	101.68	127.51	122.30
Assets	153.87	187.28	203.70	208.15	242.92	128.24
Liabilities	73.23	97.09	110.58	106.47	115.41	5.95
Net Domestic Assets	(17.44)	(12.34)	(17.12)	(13.78)	(36.93)	(55.34)
Domestic Credit	(0.12)	12.12	9.93	15.07	(5.10)	(17.04)
Central Government (Net)	(25.47)	(19.31)	(21.04)	(27.52)	(54.62)	(64.31)
Other Public Sector (Net)	(15.11)	(14.75)	(22.22)	(19.16)	(18.84)	(27.87)
Private Sector	40.46	46.18	53.19	61.76	68.36	75.14
Household	33.04	38.23	45.28	51.81	57.93	65.29
Business	6.72	7.85	7.91	9.96	10.43	9.85
Non-Bank Financial Institution:	0.70	0.10	0.00	0.00	0.00	0.00
Subsidiaries & Affiliates	0.00	0.00	0.00	0.00	0.00	0.00
Other Items (Net)	(17.32)	(24.46)	(27.05)	(28.86)	(31.84)	(38.30)
Monetary Liabilities (M2)	151.74	152.97	165.77	170.55	192.56	220.84
Money Supply (M1)	43.22	39.31	38.15	35.43	41.17	47.37
Currency with the Public	15.07	11.57	14.86	15.97	21.63	25.69
Demand Deposits	26.80	27.61	23.06	19.15	19.41	21.55
EC\$ Cheques and Drafts Issued	1.35	0.14	0.22	0.31	0.13	0.13
Quasi Money	108.52	113.66	127.62	135.11	151.39	173.47
Savings Deposits	93.36	99.82	110.61	118.00	129.84	148.63
Time Deposits	5.65	6.10	9.21	10.44	13.23	15.94
Foreign Currency Deposits	9.52	7.74	7.80	6.68	8.32	8.91

Source: Eastern Caribbean Central Bank

Data available as at 14 February 2013

Table 34
Montserrat - Selected Tourism Statistics

	2008	2009	2010	2011	2012
Total Visitor Arrivals	10,159	8,864	9,578	10,472	10,598
Stay-Over Arrivals	7,360	6,311	5,981	5,395	5,356
Of Which:					
USA	1,922	1,606	1,665	1,526	1,321
Canada	425	367	404	320	426
UK	2,152	1,864	1,380	1,329	1,315
Caribbean	2,658	2,267	2,259	1,881	1,995
Other Countries	203	207	273	339	299
Excursionists	959	1,024	1,726	1,997	3,031
Cruise Ship Passengers	0	189	878	1,114	840
Yacht Passengers	1,840	1,340	993	1,966	1,371
Number of Yacht	354	295	216	352	327
Number of Cruise Ship Calls	0	1	4	3	5
Total Visitor Expenditure (EC\$M)	19.02	16.38	15.88	14.01	13.76

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat and Eastern Caribbean Central Bank

Data available at 12 February 2013



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

	2008	2009	2010	2011	2012
Current Account	(53.15)	(34.30)	(52.59)	(28.09)	(58.57)
Goods and Services	(105.11)	(77.32)	(82.13)	(89.69)	(99.27)
Goods	(79.57)	(61.66)	(67.12)	(73.56)	(81.45)
Merchandise	(79.60)	(61.89)	(67.28)	(72.83)	(81.58)
Repair on goods	0.00	0.00	0.00	0.00	0.00
Goods procured in ports by carriers	0.03	0.22	0.16	(0.73)	0.13
Services	(25.54)	(15.66)	(15.01)	(16.13)	(17.82)
Transportation	(16.71)	(14.47)	(14.79)	(10.16)	(11.11)
Travel	10.33	8.38	8.05	5.51	5.08
Insurance Services	(2.13)	(1.57)	(0.84)	(1.55)	(1.74)
Other Business Services	(1.20)	(4.88)	(5.65)	(6.54)	(6.62)
Government Services	(15.84)	(3.12)	(1.78)	(3.39)	(3.44)
Income	(12.01)	(9.76)	(10.28)	(9.58)	(9.78)
Compensation of Employees	(1.36)	(2.05)	(1.18)	(1.27)	(1.29)
Investment Income	(10.65)	(7.71)	(9.09)	(8.31)	(8.49)
Current Transfers	63.96	52.77	39.81	71.18	50.48
General Government	71.29	58.82	46.22	77.31	56.75
Other Sectors	(7.33)	(6.05)	(6.41)	(6.13)	(6.27)
Capital and Financial Account	45.53	41.40	59.38	49.69	75.51
Capital Account	20.60	50.60	29.57	19.07	36.27
Capital Transfers	20.60	50.60	29.57	19.07	36.27
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
Financial Account	24.93	(9.19)	29.81	30.61	39.24
Direct Investment	34.24	6.92	9.59	6.65	9.05
Portfolio Investment	(1.42)	1.30	1.01	0.50	0.51
Other Investments	(7.89)	(17.41)	19.21	23.47	29.69
Public Sector Long Term	(0.62)	(0.62)	(0.46)	(0.50)	(0.50)
Other Public Sector Capital	0.00	0.00	0.00	0.00	0.00
Commercial Banks	(3.76)	(10.47)	5.35	(23.57)	(29.74)
Other Assets	0.12	10.18	8.99	40.35	32.57
Other Liabilities *	(3.62)	(16.50)	5.33	7.19	27.36
Overall Balance	(7.63)	7.10	6.79	21.59	16.94
Financing	7.63	(7.10)	(6.79)	(21.59)	(16.94)
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	7.63	(7.10)	(6.79)	(21.59)	(16.94)

Source: Statistics Department, Ministry of Finance and Economic Development, Montserrat
and Eastern Caribbean Central Bank

* includes errors & omissions

Data as at 12 February 2013



Table 36
St Kitts and Nevis - Selected Economic Indicators

	2008	2009	2010	2011	2012
<i>(Annual Percentage Change Unless Otherwise Indicated)</i>					
National Income and Prices					
Nominal GDP at Basic Prices	6.64	(1.78)	0.64	0.91	0.22
Real GDP at Basic Prices	3.91	(4.22)	0.05	(1.85)	(0.91)
GDP Deflator	2.62	2.54	0.59	2.82	1.14
Consumer Prices (end of period)	6.48	1.19	5.20	2.80	0.19
Consumer Prices (period average)	5.30	2.06	0.60	7.07	1.37
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Forestry and Fishing	3.23	(8.59)	3.68	0.81	(10.40)
Manufacturing	10.24	(2.09)	(8.59)	(15.17)	7.95
Mining and Quarrying	(28.15)	51.27	(26.87)	(35.47)	(4.87)
Electricity and Water	2.40	6.71	(1.48)	12.42	(6.27)
Construction	(3.93)	(17.86)	(13.08)	(4.35)	(6.79)
Wholesale and Retail Trade	11.01	(6.10)	(0.57)	(12.45)	(6.27)
Hotels and Restaurants	3.67	(26.77)	5.38	0.32	0.46
Transport, Storage and Communications	10.02	1.72	7.27	2.81	(1.99)
Transport and Storage	7.35	(3.92)	5.68	3.97	(5.92)
Communications	(2.08)	8.57	8.98	1.60	2.20
Financial Intermediation	5.97	0.84	12.89	(1.49)	3.14
Real Estate, Renting and Business Activities	5.95	2.89	3.08	(2.87)	0.66
Public Administration, Defence & Compulso	6.92	6.51	(0.58)	10.91	0.36
Education	(11.28)	5.72	2.24	(1.53)	1.30
Health and Social Work	2.21	4.12	(7.16)	2.12	0.87
Other Services	6.92	4.32	(8.13)	(1.35)	(6.11)
FISIM	(11.28)	4.63	5.65	6.14	3.63
Import Cover Ratio	8.35	13.92	14.70	18.63	22.71
<i>(In percent of GDP)</i>					
External Sector					
Current Account Balance	(27.61)	(25.38)	(19.37)	(11.79)	(9.46)
Overall Balance	2.00	3.66	4.59	8.35	2.46
Merchandise Trade Balance	(33.84)	(33.00)	(28.08)	(23.87)	(22.01)
Public Sector External Debt (end-of-period)	44.60	43.16	42.25	46.27	41.77
Central Government					
Current Account Balance	0.34	(0.46)	(1.16)	2.73	3.48
Current Revenue	27.31	27.99	26.29	32.18	29.82
Current Expenditure	26.97	28.46	27.44	29.45	26.34
Capital Expenditure and Net Lending	4.35	4.58	6.13	4.17	3.58
Overall Fiscal Balance	(0.24)	(0.96)	(4.12)	2.43	7.22
<i>(in percent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	3.71	3.37	3.46	3.37	3.40
Weighted Lending Interest Rates	8.60	8.48	8.46	9.10	8.36
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at Basic Prices	1,720.43	1,689.76	1,700.53	1,716.07	1,719.85
Real GDP at Basic Prices	1,599.16	1,531.75	1,532.46	1,504.12	1,490.45
Nominal GDP at Market Prices	1,988.11	1,916.03	1,931.77	2,019.80	2,020.93
GDP per capita (EC\$)	38,754.54	36,868.02	36,753.63	37,873.68	32,249.18
Merchandise Imports (f.o.b)	842.16	717.37	682.23	646.21	609.16
Merchandise Exports (f.o.b)	169.31	85.00	139.81	164.15	164.33
Gross Visitor Expenditure	297.17	225.41	241.74	254.06	252.92

SOURCE: Central Statistics Office, St Kitts and Eastern Caribbean Central Bank
Data as at 12 February 2013



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

	2008	2009	2010	2011	2012
Current Revenue	542.91	536.39	507.82	649.98	602.69
Tax Revenue	420.72	394.46	342.97	408.04	405.84
Taxes on Income and Profits	134.76	147.60	92.60	86.64	83.27
of which:					
Corporation	92.78	108.86	53.20	38.36	37.12
Social Services Levy	37.21	36.22	33.34	37.85	38.05
Taxes on Property	6.35	8.89	9.36	8.75	12.83
Taxes on Domestic Goods and Services	83.86	69.67	84.39	208.27	205.80
of which:					
Stamp Duties	33.00	32.38	29.72	29.06	32.66
Wheel Tax/Vehicle Rental Tax	7.08	7.08	7.02	6.43	6.33
Licenses	9.33	9.64	9.76	8.91	8.66
Value Added Tax	0.00	0.00	0.00	150.17	145.37
Taxes on International Trade and Transactions	195.76	168.30	156.61	104.37	103.94
of which:					
Import Duty	53.02	46.26	48.50	48.39	47.71
Consumption Tax	95.14	78.65	65.16	1.86	0.96
Customs Service Charge	38.18	34.10	33.50	32.01	28.50
Export/Excise Duty	1.14	0.27	0.51	10.20	10.79
Non Refundable Duty Free Levy	1.76	1.55	1.78	3.79	3.20
Non-Tax Revenue	122.18	141.92	164.85	241.94	196.85
Current Expenditure	536.23	545.25	530.14	594.93	532.31
Personal Emoluments	212.11	233.89	223.50	222.01	211.47
Goods and Services	137.20	129.11	118.09	176.08	127.65
Interest Payments	128.30	123.16	131.03	125.75	116.04
Domestic	86.90	80.72	90.47	91.92	77.15
External	41.40	42.44	40.56	33.83	38.89
Transfers and Subsidies	58.63	59.09	57.52	71.08	77.14
of which: Pensions	19.53	21.38	22.06	24.13	24.17
Current Account Balance	6.67	(8.86)	(22.32)	55.05	70.39
Capital Revenue	62.00	18.24	12.85	9.27	9.51
Grants	28.25	67.56	53.96	68.31	138.97
Of Which: Capital Grants	24.16	11.87	8.65	7.05	137.67
Capital Expenditure and Net Lending	101.76	95.26	124.15	83.61	72.91
of which: Capital Expenditure	86.40	87.69	118.42	84.18	72.34
Primary Balance	123.46	104.83	51.37	174.78	262.01
Overall Balance	(4.83)	(18.33)	(79.66)	49.02	145.96
Financing	4.83	18.33	79.66	(49.02)	(145.96)
Domestic	(38.42)	46.63	105.93	(120.18)	(136.71)
ECCB (net)	(24.61)	36.21	(13.62)	(47.00)	(0.00)
Commercial Banks (net)	(103.11)	54.09	81.65	(77.10)	(192.95)
Other	89.30	(43.67)	37.90	3.92	56.24
External	43.25	(28.30)	(26.27)	71.16	(9.25)
Net Amortisation	43.25	(28.30)	(26.27)	34.66	(9.25)
Disbursements	99.52	32.15	36.53	133.30	82.16
Amortisation	(56.27)	(60.45)	(62.80)	(98.63)	(91.41)
Change in Govt. Foreign Assets	0.00	0.00	0.00	36.50	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 2013



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

	2007 ^R	2008 ^R	2009 ^R	2010 ^R	2011 ^R	2012 ^P
Net Foreign Assets	557.42	746.53	607.35	641.00	920.88	1,373.14
Central Bank (Net)	258.28	297.75	331.92	420.29	625.15	675.01
Commercial Banks (Net)	299.14	448.78	275.43	220.71	295.73	698.13
External (Net)	425.55	506.69	469.06	393.14	470.38	667.01
Assets	870.40	962.21	1,297.64	1,304.82	1,317.90	1,558.09
Liabilities	444.85	455.52	828.59	911.68	847.52	891.07
Other ECCB Territories (Net)	(126.41)	(57.91)	(193.63)	(172.43)	(174.65)	31.12
Assets	227.99	344.02	380.50	500.21	587.61	644.34
Liabilities	354.39	401.93	574.12	672.64	762.26	613.22
Net Domestic Assets	1,079.07	922.18	1,158.37	1,269.98	1,182.20	877.90
Domestic Credit	1,566.74	1,608.94	1,708.44	1,833.01	1,712.10	1,394.35
Central Government (Net)	735.20	685.63	782.35	850.82	726.20	459.35
Other Public Sector (Net)	(341.82)	(319.44)	(384.97)	(374.45)	(420.49)	(473.54)
Private Sector	1,173.36	1,242.75	1,311.06	1,356.63	1,406.38	1,408.54
Household	654.25	737.21	794.74	855.68	891.60	883.81
Business	364.49	419.38	435.43	410.40	427.50	433.84
Non-Bank Financial Institutions	108.99	41.32	46.48	47.35	48.33	49.18
Subsidiaries & Affiliates	45.63	44.83	34.41	43.21	38.95	41.71
Other Items (Net)	(487.67)	(686.76)	(550.08)	(563.02)	(529.89)	(516.45)
Monetary Liabilities (M2)	1,636.49	1,668.71	1,765.72	1,910.98	2,103.09	2,251.04
Money Supply (M1)	236.53	268.87	260.52	356.31	480.18	530.45
Currency with the Public	56.19	70.12	78.33	101.05	101.99	107.60
Demand Deposits	169.71	181.46	171.95	247.96	368.24	408.48
EC\$ Cheques and Drafts Issued	10.63	17.29	10.24	7.30	9.96	14.36
Quasi Money	1,399.96	1,399.84	1,505.19	1,554.67	1,622.90	1,720.59
Savings Deposits	565.62	602.57	638.55	638.43	684.78	753.26
Time Deposits	377.63	398.12	490.97	552.40	581.29	527.87
Foreign Currency Deposits	456.72	399.15	375.67	363.84	356.83	439.46

Source: Eastern Caribbean Central Bank
 Data available as at 15 February 2013

Table 39
St Kitts and Nevis - Selected Tourism Statistics

	2008	2009	2010	2011	2012
Total Visitors	533,353	547,561	621,275	715,250	636,056
Stay- Over Visitors	127,705	93,081	98,329	101,701	102,577
of which:					
USA	76,455	54,410	58,710	64,245	65,536
Canada	7,805	6,413	6,054	5,961	6,671
UK	9,970	6,496	8,455	8,047	8,091
Caribbean	28,982	22,410	21,176	18,893	17,366
Other Countries	2,231	1,958	2,231	2,753	3,123
Excursionists	3,920	3,718	3,547	3,682	3,228
Yacht Passengers	812	209	3,612	4,460	1,487
Cruise Ship Passengers	400,916	450,553	515,787	605,407	528,764
Number of Cruise Ship Calls	232	235	293	337	301
Total Visitor Expenditure (EC\$M)	297.17	225.41	241.74	254.06	252.92

SOURCE: Central Statistics Office, St Kitts, Nevis and Eastern Caribbean Central Bank
 Data as at 12 February 2013



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

	2008	2009	2010	2011	2012
CURRENT ACCOUNT	(548.99)	(486.31)	(374.17)	(238.22)	(191.08)
GOODS AND SERVICES	(546.25)	(516.70)	(420.98)	(284.90)	(233.47)
Goods	(655.96)	(615.76)	(525.35)	(462.38)	(423.40)
Merchandise	(672.85)	(632.37)	(542.42)	(482.05)	(444.83)
Repair on goods	0.26	0.53	0.54	0.26	0.63
Goods procured in ports by carriers	16.63	16.08	16.53	19.41	20.79
Services	109.71	99.06	104.37	177.48	189.93
Transportation	(128.19)	(78.94)	(83.50)	(79.85)	(77.41)
Travel	258.00	194.39	206.59	215.71	214.07
Insurance Services	(34.10)	(29.28)	(30.78)	(30.33)	(29.71)
Other Business Services	(3.78)	(8.26)	(33.59)	(22.15)	(19.07)
Government Services	17.77	21.15	45.65	94.10	102.04
INCOME	(92.17)	(91.53)	(78.80)	(79.13)	(84.52)
Compensation of Employees	(1.48)	(1.46)	(1.12)	(0.13)	(0.12)
Investment Income	(90.69)	(90.08)	(77.68)	(79.00)	(84.40)
CURRENT TRANSFERS	89.43	121.92	125.61	125.81	126.91
General Government	12.43	41.63	34.16	44.60	45.00
Other Sectors	77.00	80.29	91.45	81.21	81.91
CAPITAL AND FINANCIAL ACCOUNT	588.75	556.47	462.76	406.79	240.82
CAPITAL ACCOUNT	91.59	69.60	162.51	183.87	208.08
Capital Transfers	91.59	69.60	162.51	183.87	208.08
General Government	49.07	11.86	37.10	46.98	67.34
Other Sectors	42.52	57.74	125.41	136.88	140.74
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
FINANCIAL ACCOUNT	497.15	486.87	300.25	222.92	32.74
Direct Investment	480.35	353.03	313.92	296.01	271.20
Portfolio Investment	28.27	(30.13)	(46.55)	(41.74)	(24.67)
Other Investments	(11.47)	163.97	32.88	(31.35)	(213.78)
Public Sector Long Term	68.26	(4.52)	(1.82)	38.58	46.20
Commercial Banks	(149.64)	173.35	54.73	(75.03)	(402.40)
Other Assets	(16.63)	(17.07)	(0.11)	25.70	30.39
Other Liabilities *	86.54	12.21	(19.92)	(20.60)	112.03
OVERALL BALANCE	39.75	70.16	88.59	168.57	49.74
FINANCING	(39.75)	(70.16)	(88.59)	(168.57)	(49.74)
Change in SDR holdings	0.00	(35.99)	0.00	36.50	0.12
Change in Reserve Position with the Fund	0.00	0.00	0.00	0.00	0.00
Change in Government Foreign Assets	(0.28)	0.00	(0.21)	(0.21)	0.00
Change in Imputed Reserves	(39.47)	(34.17)	(88.38)	(204.85)	(49.86)

Source: Central Statistics Office, St Kitts and Nevis and Eastern Caribbean Central Bank

* Includes Errors & Omissions

Data as at 12 February 2013



Table 41
Saint Lucia - Selected Economic Indicators

	2008	2009	2010	2011	2012
<i>(Annual Percentage Change Unless Otherwise Indicated)</i>					
National Income and Prices					
Nominal GDP at Basic Prices	3.69	0.08	3.18	0.61	(0.17)
Real GDP at Basic Prices	5.25	0.28	0.60	1.04	(1.18)
GDP Deflator	(1.49)	(0.20)	2.57	(0.43)	1.03
Consumer Prices (end of period)	3.40	(3.09)	4.22	4.78	5.01
Consumer Prices (period average)	6.55	(0.16)	3.25	2.77	4.18
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Forestry and Fishing	33.01	(7.29)	(21.48)	(8.07)	24.20
Manufacturing	(5.31)	5.61	(2.96)	2.45	3.00
Mining and Quarrying	(23.88)	(17.45)	10.52	(3.87)	1.40
Electricity and Water	1.93	4.36	1.99	1.82	1.44
Construction	26.75	(0.48)	(9.38)	2.08	(6.00)
Wholesale and Retail Trade	0.97	(14.87)	(3.83)	5.64	(10.40)
Hotels and Restaurants	(3.22)	(0.92)	7.22	2.42	(2.93)
Transport, Storage and Communications	1.85	2.92	0.68	(4.56)	(4.46)
Transport and Storage	1.59	3.72	1.79	(2.91)	(7.56)
Communications	2.27	1.63	(1.13)	(7.34)	1.00
Financial Intermediation	5.47	(1.01)	(0.98)	(0.22)	1.00
Real Estate, Renting and Business Activities	3.97	2.39	7.63	1.02	0.64
Public Administration, Defence & Compulsory Social Security	6.40	1.26	10.01	(1.17)	3.10
Education	3.60	6.99	2.96	4.83	(0.38)
Health and Social Work	2.15	2.15	(4.90)	12.72	1.78
Other Services	12.57	15.86	2.10	9.47	1.04
FISIM	6.22	8.30	(1.09)	(1.61)	(1.00)
Import Cover Ratio	0.15	(0.15)	1.35	0.85	1.85
<i>(In percent of GDP)</i>					
External Sector					
Current Account Balance	(29.17)	(11.72)	(16.90)	(20.12)	(15.54)
Overall Balance	0.94	(2.84)	(2.64)	(0.60)	(1.38)
Merchandise Trade Balance	(39.46)	(25.02)	(30.72)	(37.52)	(35.48)
Public Sector External Debt (end-of-period)	31.24	31.99	32.76	34.39	36.65
Central Government					
Current Account Balance	4.89	3.46	1.64	2.18	(0.38)
Current Revenue	24.84	24.47	23.97	24.97	25.30
Current Expenditure	19.94	21.01	22.33	22.79	25.68
Capital Expenditure and Net Lending	5.72	6.36	4.51	8.21	7.52
Overall Fiscal Balance	0.04	(2.07)	(0.63)	(4.95)	(7.17)
<i>(in percent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	3.18	3.14	3.25	3.07	2.93
Weighted Lending Interest Rates	9.59	9.73	9.48	9.05	8.51
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at Basic Prices	2,689.49	2,691.70	2,777.26	2,794.08	2,789.41
Real GDP at Basic Prices	2,491.18	2,498.20	2,513.14	2,539.28	2,509.27
Nominal GDP at Market Prices	3,145.64	3,150.59	3,238.75	3,269.70	3,202.81
GDP per capita (EC\$)	18,467.81	18,278.07	18,643.51	18,452.63	18,007.16
Merchandise Imports (f.o.b)	1,633.01	1,236.49	1,574.08	1,662.50	1,564.19
Merchandise Exports (f.o.b)	391.70	448.10	579.19	435.77	427.95
Gross Visitor Expenditure	839.69	799.73	833.84	865.50	904.47

Source: Central Statistical Office, Saint Lucia and Eastern Caribbean Central Bank
Data as at 12 February 2013



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

	2008	2009	2010	2011	2012
Current Revenue	781.26	770.85	776.24	816.52	810.38
Tax Revenue	725.32	724.04	729.02	764.29	740.24
Taxes on Income & Profits	225.72	226.26	223.19	245.16	226.11
Of which:					
Personal	76.35	77.46	79.90	89.58	92.88
Company	111.94	109.44	89.75	101.26	80.46
Taxes on Property	2.27	4.22	3.26	3.97	4.56
Taxes on Domestic Goods and Services	132.24	107.43	125.13	125.73	182.58
of which:					
Stamp Duty	28.75	20.28	16.71	16.04	18.86
Hotel Occupancy Tax	37.47	24.67	33.47	33.28	36.24
Value Added Tax	-	-	-	-	56.50
Licenses	26.53	19.02	25.12	23.26	23.06
Taxes on International Trade and Transactions	365.09	386.13	377.44	389.43	327.00
of which:					
Consumption Tax (Imports)	115.74	164.05	111.76	112.35	73.72
Import Duty	108.16	93.72	99.29	105.66	101.41
Service Charge (Imports)	67.25	61.16	61.85	69.06	69.22
Excise Tax (Imports)	38.16	26.29	67.79	68.86	53.94
Non-Tax Revenue	55.93	46.81	47.23	52.23	70.14
Current Expenditure	627.39	661.83	723.18	745.24	822.48
Personal Emoluments	288.26	309.01	336.64	345.42	356.01
Goods & Services	133.08	135.02	148.71	141.82	160.66
Interest Payments	78.39	89.85	92.82	100.18	122.71
Domestic	33.20	44.21	50.37	58.36	73.37
External	45.20	45.64	42.46	41.83	49.34
Transfers & Subsidies	127.66	127.94	145.00	157.82	183.09
of which: Pensions	6.67	6.97	55.73	58.21	62.24
Current Account Balance	153.86	109.02	53.07	71.28	(12.10)
Capital Revenue	6.72	0.10	8.64	0.53	0.27
Grants	20.68	25.91	64.03	34.73	23.09
of which: Capital Grants	20.68	25.91	64.03	34.73	23.09
Capital Expenditure and Net Lending	179.91	200.24	146.19	268.37	240.83
of which: Capital Expenditure	179.91	200.24	146.19	268.37	240.83
Primary Balance	79.75	24.64	72.37	(61.64)	(106.85)
Overall Balance	1.36	(65.21)	(20.45)	(161.82)	(229.56)
Financing	(1.36)	65.21	20.45	161.82	229.56
Domestic	3.24	28.43	(55.44)	46.20	186.93
ECCB (net)	49.12	(9.14)	(46.63)	(2.69)	21.70
Commercial Banks (net)	2.65	(12.23)	(53.04)	53.75	142.93
Other	(48.54)	49.80	44.23	(4.85)	22.30
External	(4.60)	36.78	75.89	115.62	42.64
Net Disbursement /(Amortisation)	(4.60)	36.78	75.89	115.62	42.64
Disbursements	63.12	103.81	204.13	187.58	112.24
Amortisation	(67.71)	(67.03)	(128.24)	(71.96)	(69.61)
Change in Govt. Foreign Assets	0.00	0.00	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, Saint Lucia and Eastern Caribbean Central Bank
 Data as at 12 February 2013



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

	2007 ^R	2008 ^R	2009 ^R	2010 ^R	2011 ^R	2012 ^P
Net Foreign Assets	(47.66)	(543.34)	(503.58)	(303.85)	(494.69)	(582.63)
Central Bank (Net)	408.25	378.76	406.63	492.29	512.37	556.44
Commercial Banks (Net)	(455.91)	(922.10)	(910.21)	(796.14)	(1,007.06)	(1,139.07)
External (Net)	(292.15)	(525.60)	(572.59)	(410.15)	(591.97)	(480.32)
Assets	486.22	396.94	441.69	420.98	368.37	563.14
Liabilities	778.37	922.55	1,014.28	831.13	960.34	1,043.46
Other ECCB Territories (Net)	(163.76)	(396.50)	(337.62)	(385.99)	(415.09)	(658.74)
Assets	584.43	306.74	367.66	416.07	454.50	309.54
Liabilities	748.19	703.24	705.28	802.06	869.59	968.29
Net Domestic Assets	2,368.86	3,021.02	3,014.39	2,863.04	3,224.45	3,381.12
Domestic Credit	3,112.34	3,453.35	3,456.10	3,395.22	3,597.63	3,903.51
Central Government (Net)	17.25	69.03	47.66	(52.01)	(0.96)	163.67
Other Public Sector (Net)	(243.41)	(296.29)	(337.01)	(340.35)	(288.90)	(344.75)
Private Sector	3,338.51	3,680.61	3,745.45	3,787.58	3,887.49	4,084.59
Household	1,191.79	1,273.77	1,240.90	1,307.75	1,349.27	1,570.84
Business	1,899.01	2,176.10	2,297.73	2,329.69	2,384.41	2,438.25
Non-Bank Financial Institutions	38.10	57.94	41.25	30.45	22.48	34.31
Subsidiaries & Affiliates	209.61	172.80	165.57	119.69	131.34	41.19
Other Items (Net)	(743.49)	(432.33)	(441.71)	(532.18)	(373.17)	(522.39)
Monetary Liabilities (M2)	2,321.19	2,477.68	2,510.80	2,559.19	2,729.77	2,798.49
Money Supply (M1)	683.55	671.86	658.87	643.62	675.03	701.03
Currency with the Public	128.05	142.57	142.46	151.53	165.24	163.01
Demand Deposits	540.78	518.85	504.23	481.77	496.55	528.78
EC\$ Cheques and Drafts Issued	14.72	10.44	12.17	10.32	13.24	9.24
Quasi Money	1,637.65	1,805.82	1,851.93	1,915.57	2,054.73	2,097.46
Savings Deposits	1,167.79	1,226.57	1,301.71	1,319.01	1,393.50	1,448.31
Time Deposits	319.20	420.06	405.44	443.67	490.99	486.90
Foreign Currency Deposits	150.66	159.19	144.78	152.90	170.25	162.25

Source: Eastern Caribbean Central Bank
Data available as at 15 February 2013

Table 44
Saint Lucia - Selected Tourism Statistics

	2008	2009	2010	2011	2012
Total Visitor Arrivals	947,445	1,014,761	1,026,343	994,961	931,222
Stay Over Arrivals	295,761	278,491	305,937	312,404	306,801
USA	108,596	98,685	129,085	122,356	115,065
Canada	26,279	28,563	32,154	35,393	37,709
UK	83,693	71,853	67,417	73,059	75,674
Caribbean	59,757	60,179	53,998	58,876	56,066
Other Countries	17,436	19,211	23,283	22,720	22,287
Excursionists	9,582	4,967	7,613	10,523	10,354
Cruise Ship Passenger	619,680	699,306	670,043	630,304	571,894
Yacht Passengers	22,422	31,997	42,750	41,730	42,173
Number of Cruise Ships	315	397	375	351	336
Total Visitor Expenditure (EC\$M)	839.69	799.73	833.84	865.51	904.47

Source: Saint Lucia Tourist Board and Eastern Caribbean Central Bank
Data as at 12 February 2013



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

	2008	2009	2010	2011	2012
Current Account	(917.62)	(369.21)	(547.44)	(657.90)	(497.78)
Goods and Services	(767.40)	(280.82)	(482.10)	(669.68)	(508.22)
Goods	(1,167.33)	(719.91)	(929.08)	(1,145.49)	(1,050.94)
Merchandise	(1,241.31)	(788.40)	(994.89)	(1,226.73)	(1,136.24)
Repair on goods	0.02	0.03	0.00	0.00	0.00
Goods procured in ports by carriers	73.96	68.46	65.81	81.24	85.30
Services	399.93	439.08	446.98	475.81	542.72
Transportation	(205.11)	(151.74)	(168.82)	(191.44)	(179.71)
Travel	717.41	673.55	703.49	736.09	772.47
Insurance Services	(31.38)	(16.35)	(24.10)	(27.12)	(24.08)
Legal and Accountancy Services	(68.70)	(58.49)	(57.37)	(32.86)	(16.36)
Government Services	(12.29)	(7.89)	(6.22)	(8.86)	(9.59)
Income	(194.06)	(121.93)	(106.83)	(42.04)	(37.30)
Compensation of Employees	0.54	0.53	0.98	0.96	0.98
Investment Income	(194.60)	(122.46)	(107.82)	(43.00)	(38.28)
Current Transfers	43.83	33.55	41.50	53.82	47.75
General Government	10.54	1.42	4.54	1.55	(7.01)
Other Sectors	33.30	32.13	36.95	52.27	54.75
Capital and Financial Account	888.13	458.73	633.10	677.55	541.84
Capital Account	29.38	69.76	118.36	89.73	70.04
Capital Transfers	29.38	69.76	118.36	89.73	70.04
General Government	25.57	66.06	114.55	85.83	66.09
Other Sectors	3.82	3.70	3.81	3.90	3.95
Acquisition & Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
Financial Account	858.75	388.97	514.74	587.83	471.81
Direct Investment	435.27	395.27	327.50	261.49	288.69
Portfolio Investment	(25.81)	(78.68)	82.60	112.88	81.64
Other Investments	449.30	72.38	104.64	213.45	101.48
Public Sector Long Term	(25.53)	46.59	79.68	1.04	(38.04)
Other Public Sector Capital	0.00	0.00	0.00	0.00	0.00
Commercial Banks	466.19	(11.89)	(114.07)	210.92	132.01
Other Assets	19.62	55.84	13.03	(28.27)	(98.55)
Other Liabilities *	(10.99)	(18.17)	126.00	29.77	106.06
Overall Balance	(29.49)	89.52	85.66	19.65	44.07
Financing	29.49	(89.52)	(85.66)	(19.65)	(44.07)
Change in SDR holdings	0.00	(61.66)	0.00	0.43	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	29.49	(27.87)	(85.66)	(20.08)	(44.07)

Source: Central Statistical Office, Saint Lucia and Eastern Caribbean Central Bank

* includes errors & omissions

Data as at 12 February 2013



Table 46
St Vincent and the Grenadines - Selected Economic Indicators

	2008	2009	2010	2011	2012
<i>(Annual Percentage Change Unless Otherwise Indicated)</i>					
National Income and Prices					
Nominal GDP at Basic Prices	(0.46)	(2.96)	2.07	2.60	3.11
Real GDP at Basic Prices	(0.50)	(2.21)	(2.32)	0.41	1.53
GDP Deflator	0.05	(0.77)	4.50	2.18	1.56
Consumer Prices (end of period)	8.73	(1.62)	2.02	4.74	1.04
Consumer Prices (period average)	10.07	0.42	1.48	3.95	2.17
Real GDP at Basic Prices by Selected Sectors					
Agriculture, Livestock and Forestry	(0.83)	12.96	(18.21)	0.24	1.76
Fishing	(40.16)	55.80	(18.67)	(11.49)	(13.00)
Mining and Quarrying	5.06	2.73	(22.17)	(20.64)	(3.00)
Manufacturing	2.62	(8.13)	(2.69)	8.33	2.00
Electricity and Water	(1.58)	3.24	(4.54)	(2.19)	3.94
Construction	(10.32)	(8.30)	(2.21)	(3.39)	(3.00)
Wholesale and Retail Trade	3.87	(8.65)	0.26	(1.85)	4.50
Hotels and Restaurants	(5.50)	(22.11)	(14.75)	0.34	1.33
Transport, Storage and Communications	1.33	(1.74)	(1.58)	0.91	1.71
Transport	1.15	0.10	0.82	(0.14)	1.79
Communication	1.80	(6.30)	(7.94)	3.95	1.50
Financial Intermediation	(1.32)	(2.33)	(10.37)	(0.95)	(0.80)
Real Estate, Renting and Business Activities	2.10	(1.64)	(0.28)	0.94	0.72
Public Administration, Defence & Compulsory Social Security	8.27	9.27	8.86	0.83	2.00
Education	(20.35)	2.89	(1.39)	2.33	2.53
Health and Social Work	5.43	(2.56)	1.82	3.65	3.60
Other Services	18.26	(5.10)	10.00	11.03	1.50
FISIM	10.80	(2.14)	0.43	(3.62)	4.00
Import Cover Ratio	3.38	3.18	3.37	2.84	3.30
<i>(In percent of GDP)</i>					
National Income					
Gross Domestic Investment	8.27	(20.56)	5.79	(1.02)	(1.06)
Gross National Savings	794.50	34.95	4.55	(21.07)	65.22
External Sector					
Current Account Balance	(33.12)	(29.27)	(30.59)	(28.78)	(30.29)
Overall Balance	(0.47)	0.69	3.70	(3.33)	2.92
Merchandise Trade Balance	(39.70)	(36.11)	(37.64)	(36.69)	(38.06)
Public Sector External Debt (end-of-period)	33.74	38.69	44.86	47.62	45.98
Central Government					
Current Account Balance	3.13	(0.18)	0.58	(1.75)	(0.97)
Current Revenue	26.07	25.63	26.31	24.78	24.50
Current Expenditure	22.94	25.80	25.73	26.54	25.47
Capital Expenditure and Net Lending	6.98	5.82	4.26	3.38	1.80
Overall Fiscal Balance	(0.61)	(1.70)	(2.86)	(2.63)	(1.84)
<i>(in percent per annum)</i>					
Monetary Sector					
Weighted Deposit Interest Rates	2.76	2.93	2.76	2.90	2.79
Weighted Lending Interest Rates	9.60	9.14	9.00	9.08	9.42
<i>(in millions of EC dollars, unless otherwise stated)</i>					
Memo					
Nominal GDP at Basic Prices	1,570.69	1,524.13	1,555.75	1,596.14	1,645.83
Real GDP at Basic Prices	1,448.03	1,415.98	1,383.15	1,388.85	1,410.11
Nominal GDP at Market Prices	1,877.66	1,820.50	1,838.59	1,866.02	1,923.99
GDP per capita (EC\$)	18,949.78	18,172.13	18,140.66	18,229.02	18,609.24
Merchandise Imports (f.o.b)	886.48	792.58	803.01	788.18	848.50
Merchandise Exports (f.o.b)	140.96	135.24	110.94	103.51	116.29
Gross Visitor Expenditure	259.29	236.35	232.70	247.55	249.97

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

Data available as at 14 February 2013



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

	2008	2009	2010	2011	2012 ^P
Current Revenue	489.55	466.51	483.80	462.48	471.40
Tax Revenue	447.95	432.61	421.47	412.14	430.46
Taxes on Income and Profits	110.39	110.35	108.81	114.40	122.35
of which:					
Personal	55.99	57.64	61.69	67.38	71.92
Corporation	46.69	44.86	40.03	37.86	40.81
Taxes on Property	7.71	7.86	7.09	9.16	9.62
Taxes on Domestic Goods and Services	245.82	236.78	227.96	213.73	224.25
of which:					
Stamp Duties	29.16	18.74	22.68	15.71	17.43
Excise Tax	17.34	33.00	26.67	24.29	27.48
Value Added Tax	153.54	145.19	136.64	132.31	134.06
Licences	27.34	22.02	25.40	23.44	26.10
Taxes on International Trade and Transactions	89.54	82.76	81.80	81.20	81.17
of which:					
Import Duties	45.59	46.15	48.16	47.12	47.65
Excise Tax	0.54	0.14	0.00	0.00	0.00
Customs Service Charge	30.81	31.56	29.30	30.68	30.22
Non-Tax Revenue	41.59	33.90	62.33	50.34	40.94
Current Expenditure	430.82	469.75	473.15	495.16	489.98
Personal Emoluments	206.83	211.99	221.81	231.15	242.82
Goods and Services	91.02	86.07	67.07	74.34	69.21
Interest Payments	46.81	51.02	52.40	46.04	43.97
Domestic	23.80	28.44	31.23	23.42	22.87
External	23.01	22.58	21.17	22.62	21.10
Transfers and Subsidies	86.15	120.68	131.87	143.63	133.99
of which: Pensions	36.66	41.20	45.28	45.01	49.59
Current Account Balance	58.73	(3.24)	10.65	(32.69)	(18.58)
Capital Revenue	15.66	1.47	1.01	10.35	5.38
Grants	45.16	76.91	14.16	36.21	12.37
of which: Capital Grants	45.16	76.91	14.16	36.21	12.37
Capital Expenditure and Net Lending	130.97	106.02	78.40	63.01	34.59
of which: Capital Expenditure	130.97	106.02	78.40	63.01	34.59
Primary Balance (after grants)	35.38	20.14	(0.19)	(3.10)	8.55
Overall Balance (before grants)	(56.59)	(107.79)	(66.75)	(85.35)	(47.79)
Overall Balance (after grants)	(11.43)	(30.88)	(52.59)	(49.14)	(35.42)
Financing	11.43	30.88	52.59	49.14	35.42
Domestic	(2.32)	(15.80)	(186.58)	(0.27)	6.17
Central Banks (net)	4.71	(21.88)	1.34	21.71	(24.37)
Commercial Banks (net)	15.75	41.19	(106.61)	0.45	27.33
Other	(22.78)	(35.11)	(81.31)	(22.43)	3.22
External	13.75	22.18	174.14	31.76	(7.33)
Net Disbursements/(Amortisation)	13.15	22.18	146.15	31.76	(7.33)
Disbursements	61.89	69.09	201.72	83.75	44.30
Amortisation	(48.74)	(46.91)	(55.57)	(51.99)	(51.63)
Change in Govt. Foreign Assets	0.60	0.00	27.99	0.00	0.00
Arrears	0.00	24.50	23.03	17.65	36.58
Domestic	0.00	24.50	23.03	17.65	36.58
External	0.00	0.00	0.00	0.00	0.00
Residual	0.00	0.00	42.00	0.00	0.00

Source: Ministry of Finance and Economic Planning, St Vincent and the Grenadines and Eastern Caribbean Central Bank

Data available as at 14 February 2013



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

	2007 ^R	2008 ^R	2009 ^R	2010 ^R	2011 ^R	2012 ^P
Net Foreign Assets	352.46	384.94	361.19	474.45	393.15	406.15
Central Bank (Net)	232.68	223.88	203.03	299.13	236.96	293.14
Commercial Banks (Net)	119.78	161.06	158.16	175.33	156.19	113.01
External (Net)	61.14	17.42	(26.29)	(94.02)	(100.81)	(89.16)
Assets	228.92	210.61	160.01	139.76	126.02	119.86
Liabilities	167.78	193.18	186.30	233.78	226.83	209.02
Other ECCB Territories (Net)	58.64	143.64	184.45	269.35	257.00	202.17
Assets	338.78	377.95	365.48	390.72	366.69	300.24
Liabilities	280.14	234.31	181.03	121.37	109.69	98.07
Net Domestic Assets	711.01	697.97	724.58	639.55	716.99	776.69
Domestic Credit	933.88	985.53	1,029.23	891.99	906.67	960.89
Central Government (Net)	87.83	108.29	127.61	22.33	44.50	49.56
Other Public Sector (Net)	(53.15)	(49.20)	(41.23)	(90.35)	(137.07)	(126.64)
Private Sector	899.20	926.44	942.85	960.00	999.25	1,037.98
Household	540.84	588.68	592.67	597.42	637.33	673.98
Business	350.62	329.31	343.71	355.92	330.06	343.40
Non-Bank Financial Institutions	7.75	8.45	6.47	6.66	27.86	16.60
Subsidiaries & Affiliates	0.00	0.00	0.00	0.00	4.00	4.00
Other Items (Net)	(222.87)	(287.56)	(304.65)	(252.44)	(189.68)	(184.21)
Monetary Liabilities (M2)	1,063.47	1,082.91	1,085.77	1,114.00	1,110.14	1,182.84
Money Supply (M1)	397.62	386.07	359.06	345.48	331.45	360.94
Currency with the Public	89.82	80.54	63.50	50.61	46.51	43.87
Demand Deposits	301.26	294.04	284.89	289.12	276.31	310.58
EC\$ Cheques and Drafts Issued	6.55	11.49	10.67	5.75	8.62	6.50
Quasi Money	665.85	696.85	726.71	768.52	778.70	821.89
Savings Deposits	520.86	544.86	575.02	594.02	594.18	632.95
Time Deposits	103.60	115.00	121.65	129.16	139.70	152.62
Foreign Currency Deposits	41.39	36.99	30.04	45.34	44.82	36.32

Source: Eastern Caribbean Central Bank

Data available as at 14 February 2013

Table 49
St Vincent and the Grenadines - Selected Tourism Statistics

	2008	2009	2010	2011	2012 ^P
Total Visitor Arrivals	249,868	270,952	231,121	207,997	196,845
Stay-Over Arrivals	84,101	75,446	72,478	73,866	74,364
Of Which:					
USA	24,042	20,159	21,551	21,164	21,454
Canada	6,882	6,820	7,208	6,719	7,424
UK	15,442	13,347	12,136	14,895	15,023
Caribbean	28,475	26,835	23,968	23,272	22,768
Other Countries	9,260	8,285	7,615	7,816	7,695
Excursionists	5,781	5,185	5,086	3,941	3,051
Yacht Passengers	43,277	40,859	42,603	41,266	42,338
Cruise Ship Passengers	116,709	149,462	110,954	88,924	77,092
Number of Cruise Ship Calls	172	164	131	124	172
Total Visitor Expenditure (EC\$M)	259.30	236.35	232.70	247.55	249.97

Source: St Vincent and the Grenadines Tourism Authority and Eastern Caribbean Central Bank

Data available as at 14 February 2013



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

	2008	2009	2010	2011	2012 ^P
Current Account	(621.89)	(532.78)	(562.45)	(536.97)	(582.80)
Goods and Services	(595.75)	(528.49)	(556.18)	(523.33)	(571.08)
Goods	(733.02)	(649.21)	(682.32)	(671.91)	(718.10)
Merchandise	(745.52)	(657.34)	(692.07)	(684.68)	(732.21)
Repair on goods	0.02	0.02	0.02	0.02	0.02
Goods procured in ports by carriers	12.48	8.11	9.72	12.75	14.10
Services	137.27	120.73	126.15	148.58	147.02
Transport	(109.15)	(100.70)	(94.17)	(93.06)	(95.25)
Travel	211.75	197.44	192.82	212.12	213.19
Insurance Services	(22.36)	(19.09)	(19.31)	(18.17)	(19.57)
Other Business Services	61.30	57.40	57.14	53.68	54.67
Government Services	(4.28)	(14.32)	(10.34)	(5.99)	(6.02)
Income	(61.67)	(35.13)	(33.15)	(34.94)	(31.56)
Compensation of Employees	11.00	19.08	16.60	16.14	16.63
Investment Income	(72.68)	(54.21)	(49.75)	(51.09)	(48.19)
Current Transfers	35.54	30.84	26.89	21.30	19.84
General Government	(0.83)	0.08	(1.92)	(5.60)	(6.00)
Other Sectors	36.36	30.76	28.81	26.90	25.84
Capital and Financial Account	570.94	550.08	616.65	478.93	584.90
Capital Account	131.88	146.44	148.04	104.31	123.92
Capital Transfers	131.88	146.44	148.04	104.31	123.92
Acquisition and Disposal of Non-Produced, Non-Financial Assets	0.00	0.00	0.00	0.00	0.00
Financial Account	439.06	403.64	468.61	374.62	460.97
Direct Investment	429.96	297.60	262.49	231.18	338.38
Portfolio Investment	(8.41)	49.11	(1.42)	(8.57)	7.11
Other Investments	17.52	56.93	207.55	152.00	115.49
Public Sector Long Term	14.93	25.48	141.45	31.87	(18.04)
Other Public Sector Capital	0.00	0.00	0.00	0.00	0.00
Commercial Banks	(41.29)	2.90	(17.16)	19.14	43.18
Other Assets	(29.41)	(31.05)	38.08	77.99	62.98
Other Liabilities*	73.28	59.59	45.18	23.00	27.36
Overall Balance	(8.80)	12.64	68.10	(62.16)	56.18
Financing	8.80	(12.64)	(68.10)	62.16	(56.18)
Change in SDR holdings	0.00	(33.49)	27.99	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	8.80	20.85	(96.10)	62.16	(56.18)

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 14 February 2013

